As of 4 p.m. ET **DJIA** 10741.98 ▼ 0.35% **FTSE 100** 5650.13 ▲ 0.13% **Nikkei 225** 10824.72 ▲ 0.75% **Shanghai Comp.** 3067.75 ▲ 0.71% **Hang Seng** 21370.82 ▲ 0.19% **Sensex** 17578.23 ▲ 0.34% **S&P/ASX 200** 4872.23 ▲ 0.19%

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Thousands mourn former Nepalese prime minister

European Pressphoto Agency

Nepalese Prime Minister Madhav Kumar Nepal, center, drapes the national flag over the casket of former Prime Minister Girija Prasad Koirala in Katmandu on Sunday. Mr. Koirala was the chief architect of the peace process with Maoist rebels. **Page 4**

U.S. firms feel shut out in China

By Andrew Browne And Loretta Chao

BEIJING—A growing number of U.S. companies feel unwelcome in China, according to a new survey by the American Chamber of Commerce in China, as measures aimed at squeezing foreign technology companies out of the vast government-procurement market start to bite.

The survey of Amcham's members adds to evidence of a darkening mood among multinational companies in one of their most important global markets.

Negative sentiment among Amcham's members, which traditionally have been a strong lobby in Washington arguing for more engagement with China, adds to wider risks in U.S.-China relations. On Sunday, China's commerce minister, Chen Deming, warned that China "will not sit back" if the U.S. Treasury Department labels China a currency manipulator and trade sanctions follow. Washington has been piling pressure on China to let its currency rise against the dollar in order to make its exports more expensive and narrow its trade surplus with the U.S. Other contentious issues include the U.S.'s arms sales to Taiwan and a recent meeting between President Barack Obama and the Dalai Lama, the Tibetan spiritual leader whom Beijing accuses of "splittism."

So far, there's little evidence that American companies are alarmed enough to pull out of China, although **Google** Inc. is threatening to exit after a hack attack on its systems that it blames on China. But people with close links to the U.S. business community in China say a number of multinationals are starting to rethink their China strategy, and may consider diversifying future investments to other parts of the world.

Amcham's survey polled members about planned government-procurement regulations, and also repeated a question asked in annual surveys about the general business climate.

The percentage of companies that feel they are unwelcome to participate and compete in the Chinese market jumped to 38%, up from 26% in the 2009 annual survey re-

Please turn to page 16

Big Rio Tinto court case opens

CANBERRA—Monday's trial of four **Rio Tinto** Ltd. executives in Shanghai underscores the limits of foreign power when it comes to shaping the way China treats international companies there.

*By **Rachel Pannett**, **Alex Wilson** And **James T. Areddy***

The trial of the four—Australian national Stern Hu and three Chinese nationals —is being watched closely around the world by companies that fear they could face similar cases. Chinese authorities have charged the executives with stealing commercial secrets and taking bribes, which the Anglo-Australian mining company denies. Many analysts contend the charges are politically motivated to rein in a highly-profitable foreign company, and doubt the executives will get a fair trial—allegations that China in turn denies.

Agence France-Presse/Getty Images

An employee walks out of Rio Tinto's offices in Shanghai.

Australian officials appear to have had little appetite for publicly condemning the process, raising questions of whether they feel soft pressure may be most effective over the long term—or they are simply powerless to alter the case's course.

On Friday, Australian officials confirmed that its diplomats won't be allowed to attend some parts of the trial, even after pleas to do so. In a statement, an Australian Department of Foreign Affairs and Trade spokesman said Canberra expressed "disappointment" to Beijing but otherwise wouldn't press the issue.

Many details of the case, meanwhile, remain murky. It's unclear who specifically represents Mr. Hu; foreign lawyers aren't allowed to argue cases in Chinese trials. Lawyers for some of the defendants, believed to have been hired by their families, have reported obtaining only limited access to their clients. None of the men has made a

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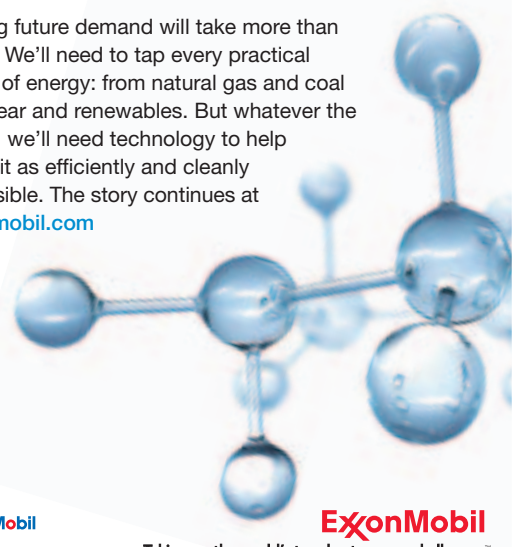

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* * *

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Reuters

A floating restaurant on Sunday was left stranded in a branch of the Yangtze River in China's Chongqing Municipality. A severe drought across southwest China is affecting more than 50 million people. On a three-day trip to Yunnan province that concluded on Sunday, Premier Wen Jiabao called for greater efforts to relieve the situation, according to the official Xinhua news agency.

* * *

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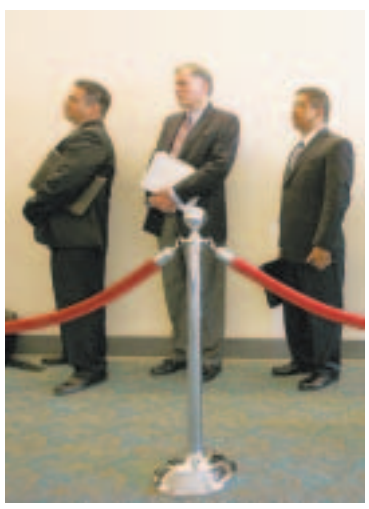

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Some philanthropy advisers are now branding themselves as "generosity coaches."

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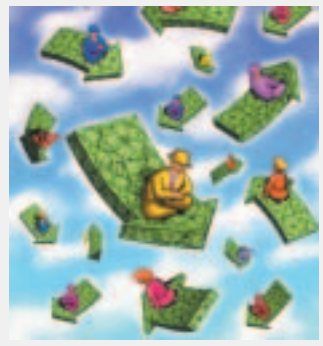

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WORLD NEWS

Health vote at hand

European Pressphoto Agency

President Barack Obama addresses House Democrats on Saturday.

WASHINGTON—Democratic leaders raced Sunday afternoon to sew up final votes from antiabortion lawmakers with the hours ticking down to a historic vote on a healthcare overhaul.

An aide said leaders reached a deal with antiabortion Democrats

*By **Janet Adamy, Greg Hitt** and **Siobhan Gorman***

that was likely to win votes from at least some of them. Rep. Bart Stupak (D., Mich.), the leader of the antiabortion bloc, said he was "close" to reaching a deal over an executive order that President Barack Obama would issue affirming that federal funds couldn't be used for abortions.

But he said there were "provisions in there that need to be strengthened" and added, "We've got work to do."

A top House Democrat said his party had rounded up enough votes to approve the bill later in the day. "We've got the votes," said Rep. John Larson (D., Conn.), the chairman of the House Democratic Caucus, speaking on CNN. He reiterated that assessment on ABC's "This Week."

But other leading Democrats cast some doubt on that assessment, saying the vote count was in flux and they were still rounding up votes. House Democrats' deputy vote-counter Debbie Wasserman Schultz (D., Fla.) told "Fox News Sunday" that the count was "in flux." She added, "We don't have a hard 216 right now," referring to the number of votes required to approve the bill.

Some lawmakers remain on the fence over the pending vote, said House Majority Leader Steny Hoyer on Maryland, adding that the number of votes Democrats still need to corral before today's vote is in the "low single digits." He spoke on NBC's "Meet the Press."

The House plans to vote later Sunday on the bill to provide millions of Americans health-care coverage that has tied Congress in knots for nearly a year.

Republicans vowed a strong fight. "They don't have the votes yet," House Minority Leader John Boehner of Ohio said on NBC. "This fight is not lost yet."

The third-ranking House Republican make a similar pledge. "We're going to use every means at our disposal to oppose this government takeover of health care," said Rep. Mike Pence (R., Ind.), speaking on CNN.

Rep. Marcy Kaptur, an antiabortion Democrat from Ohio, on Sunday said she would support the bill after receiving an assurance last night from Mr. Obama and his top health official that would ensure that existing abortion law applies to the legislation.

At the White House, discussion was under way over issuing a statement later in the day that would promise an executive order on abortion. Even if a deal were reached, the executive order itself wasn't expected Sunday.

"The bill overall addresses a serious problem before the country today, which is that people are finding their current insurance plans unaffordable," Ms. Kaptur told a local television station.

The White House said the president was making and taking calls from members of Congress.

In advance of the final maneuvering, Mr. Obama spoke to House Democrats on Saturday afternoon, telling them they must take a tough vote to bring about a health overhaul that has eluded presidents for decades.

Democratic leaders put an end to a storm of Republican protest and agreed to hold separate votes on the two core elements of the package headed to the House floor Sunday: the sweeping bill that passed the Senate Dec. 24 and a smaller companion package making changes to that bill.

Earlier, House Democrats had talked of holding a vote only on the companion package and passing a rule deeming that to be a vote in favor of the larger Senate bill. The "deem-and-pass" tactic would allow Democrats to claim that they never voted for the larger bill, which has some unpopular elements, but Republicans denounced the idea as a parliamentary trick designed to let lawmakers off the hook for their votes.

The president addressed a House Democratic caucus that is nervous about possible major losses in November's midterm elections. Mr. Obama, a former senator, acknowledged this is a "tough vote" for many lawmakers. "I've been in your shoes," he said.

He stressed that the bill is designed to help Americans who have trouble finding affordable insurance, and countered Republican contentions that the bill represents a bid by the Democratic left wing to carry out a government takeover of health care.

The bill "runs straight down the center of American political thought," Mr. Obama said, noting that private insurers will continue to play a central role. "This is a middle-of-the-road bill."

Republicans said the U.S. can't afford the new spending in the bill, which is projected to cost $940 billion over a decade. The bill includes new taxes on health industries and the wealthy as well as curbs to the growth of Medicare spending.

"This weekend will, I believe, mark the end of the liberal ascendancy in Washington, D.C.," said Rep. Mike Pence (R., Ind.), speaking at a rally of tea party protesters on the Capitol's lawn. People chanted, "Kill the bill."

The legislation is designed to extend health insurance to 32 million Americans now without coverage.

—Siobhan Hughes contributed to this article.

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WORLD NEWS: ASIA

Thai protesters reject offer of talks

Prime Minister Abhisit appoints emissary to handle negotiations but rules out calling for immediate elections

By James Hookway

BANGKOK—Thai street protesters turned down Prime Minister Abhisit Vejjajiva's offer of talks Sunday after he ruled out calling immediate elections and assigned a junior minister as his emissary.

Mr. Abhisit offered the talks after demonstrators embarked on a massive convoy that snaked its way around Bangkok on Saturday. Police estimated that between 65,000 and 100,000 people participated in the caravan. Many Thais turned out to cheer them on or hand out bottles of water to protesters perched on pickup trucks and motorcycles.

Organizers such as Weng Tochirakarn called the convoy a "blazing success," while political analysts say the peaceful protest will go a long way to restoring the credibility of Thailand's red-shirt protest movement after widespread rioting accompanied similar demonstrations last April.

Protest leaders, though, say they are willing to discuss Thailand's chronic political problems only with Mr. Abhisit, after the prime minister appointed Education Minister Chinnaworn Boonyakiat to handle the discussions. "We will talk only with the prime minister," Jatuporn Prompan, one of the three main protest leaders, told reporters.

The protesters, formally known as the United Front for Democracy Against Dictatorship and including many followers of ousted populist leader Thaksin Shinawatra, say the Thai military and bureaucratic elites manipulated a court decision and series of defections to bring Mr. Abhisit to power in late 2008. They want new elections because they say it is the only way to restore democracy.

European Pressphoto Agency

Red-shirt demonstrators in Bangkok on Sunday draw with human blood on protest banners.

In a televised address Sunday, Mr. Abhisit said the government is willing to discuss the right timing for calling elections, which must be held by the end of 2011. "But everyone from the coalition parties agree that the government will not dissolve the house" now, he said.

Without substantive talks, a lengthy and disruptive stalemate on the streets of Bangkok appears likely. Protest leaders say they intend to keep their rally in the heart of Bangkok's old-town going for another two weeks, potentially exacerbating fears about the long-term stability of one of Southeast Asia's main economies. About 20,000 people attended the rally held in Sunday afternoon's searing heat.

The problem for the red-shirt protesters is how to sustain their support base. Many of the demonstrators have traveled to Bangkok from the country's poor but vote-rich agricultural heartlands and might soon run out of resources to extend their protest. Their leaders also are running out of options to attract fresh participants. Blocking traffic in a repeat of Saturday's convoy would risk earning the ire of their sympathizers in Bangkok, while the protesters' strategy of spilling gallons of their own blood at key government sites to curse the country's leaders turns off many of the city's middle classes.

Holding on to Mr. Thaksin as the figurehead of the pro-democracy movement presents problems, too. A popular telecommunications magnate who became Thailand's only premier to be re-elected, Mr. Thaksin is still a beacon to millions of poorer Thais. After the military removed him in a coup in 2006, many people here viewed him as a victim of injustice, despite his conviction for corruption in 2008 and his decision to evade imprisonment by living in Dubai.

However, Mr. Thaksin is a divisive figure. The army accuses him of being disloyal to the country's revered monarchy—something Mr. Thaksin denies—and during his five years as prime minister he set about eroding many of the checks and balances that were designed to curb the premiership's powers. Some analysts say the red-shirt protest movement could win broader support as a genuine pro-democracy movement if it plays down Mr. Thaksin's significance.

Nattawut Saikeua, one of the three main protest leaders, says Mr. Thaksin remains a pivotal force behind the rallies, and his charisma has been instrumental in generating a large turnout. "He is still a positive influence on our movement," Mr. Nattawut said.

Many demonstrators wear T-shirts bearing Mr. Thaksin's image, while vendors near the rally site sell gnome-like figurines resembling the former leader. Others held placards with slogans such as "Thaksin, Come Back" and "We Miss You."

Concerns remain that some protesters may grow impatient with the street demonstrations, which on Sunday entered their eighth day.

Security in the city was elevated after a grenade exploded in the grounds of the Defense Ministry, slightly injuring two people, while another explosive device was thrown at the National Anti-Corruption Commission.

Peace process in Nepal is dealt a setback

By Krishna Pokharel

NEW DELHI—Prospects for a lasting peace in Nepal were dealt a blow over the weekend by the death of former Prime Minister Girija Prasad Koirala, the head of a committee that aimed to break an impasse in peace negotiations before a May deadline.

Mr. Koirala served five terms as prime minister and was architect of the peace process under which Maoist rebels came out of their mountain hideouts in 2006, ending a decade-long insurgency. He also led the democratic movement that culminated in the fall of the 240-year-old Hindu monarchy in 2008.

Mr. Koirala died Saturday at age 86 of multiple organ failure, doctors treating him said. Despite his achievements, his legacy of peace is fragile, with a democracy that remains in its infancy.

Nepal held national elections for its first constituent assembly in 2008, giving 601 politicians from various political stripes, castes and ethnic groups the mandate to rewrite the country's constitution and restructure the nation. The two-year deadline ends May 28, and political parties are still haggling over the details. The constituent assembly, which also acts as the parliament, can extend the deadline to write the constitution by six months—but it would first have to declare a national emergency, which could be destabilizing to the country's democracy.

The proposed integration of some 19,000 former Maoist fighters into the national army is the most contentious of the issues on which the success of the peace process hinges. These fighters are kept in United Nations-supervised camps. Politicians have yet to agree on how to induct the politically motivated fighters into the tradition-bound army of about 90,000 that they used to fight. Mr. Koirala was the chairman of a high-level political committee formed earlier this year to resolve the differences among parties on the integration of the Maoist fighters into the national army and on other issues, such as rewriting the constitution by the May deadline.

The lack of a unifying personality, a role Mr. Koirala had taken, may leave the parties squabbling on key issues, delaying the constitution. On Sunday, leaders of political parties across the spectrum said they will work together as a tribute to Mr. Koirala.

Pushpa Kamal Dahal, head of the Maoist party, the Unified Communist Party of Nepal (Maoist), said Mr. Koirala's death "will have an effect on peace and the constitution-making process."

Associated Press

Girija Prasad Koirala's daughter, Sujata Koirala, in Katmandu on Sunday

On Sunday, thousands of Nepalis poured into the sports ground at the center of Katmandu, where Mr. Koirala lay in state. He was cremated later Sunday on the banks of the Bagmati river near the city's Pashupatinath temple, and his funeral was carried out with state honors, which had previously been provided only to the king as head of state.

During a political career that spanned more than six decades, Mr. Koirala distinguished himself as a leader always in a hurry to get to the seat of power. But he also had the persona and aptitude for the statesmanship lacking in most of his contemporaries and in the generation of politicians that followed. He was known for a one-liner: "I do what I say and I say what I do," though historians noted he didn't always adhere to that principle.

Mr. Koirala came from a family of politicians. His two elder brothers also had been prime ministers in the 1950s, during Nepal's first transition to democracy. Like them, Mr. Koirala spent his childhood and much of his formative years in India, where his family was in exile. He was born there and like many politicians of his era was influenced by Mahatma Gandhi and the political ideology of socialism. The Nepali Congress Party, of which he was president for many years, fashioned itself on the Congress party in India.

Mr. Koirala headed Nepal's second democratically elected government in 1991 and opened the country's economy to private-sector investment. Nepal's media, hospitality and textile industries flourished under that policy.

On Saturday, minutes before his death, Mr. Koirala told Prime Minister Madhav Kumar Nepal, "Move forward with national consensus," and folded his hands together in the gesture of greeting, Sujata Koirala, Mr. Koirala's daughter and Nepal's deputy prime minister, was quoted in Nepalese media as saying.

European Pressphoto Agency

A delicate balancing act

Malaysia, since 1971, has used affirmative action to lift up its majority Muslim-Malay population, who often lag behind other Malaysians. Here are some of its key features:

- Malays receive preferential treatment when bidding for government contracts
- Government housing loans are cheaper for Malays than other Malaysians
- Malays are given preferential treatment when seeking places at state universities or seeking government jobs.
- 30% of the equity in many businesses are reserved for ethnic-Malay investors.

James Hookway/The Wall Street Journal

Malaysia's Prime Minester Najib Razak (left); Ibrahim Ali, head of Malay lobby group Perkasa.

Malaysian leader faces a dilemma

Najib is expected to outline revitalization plans that change the country's entrenched affirmative-action rules

By James Hookway

KUALA LUMPUR—Malaysia's dilemma over whether to end some of the world's most entrenched systems of racial-preference laws is coming to a head.

Prime Minister Najib Razak is expected to outline this month plans to revitalize how the country's export-driven economy is run, with details to follow in June. The program might mean a push to change a decades-old system of preferential treatment for the country's majority Muslim-Malay population, which has often economically lagged behind its ethnic compatriots.

People familiar with his plans say he might move to liberalize some sectors of the economy, giving non-ethnic Malays a larger role. He also is expected to give more non-Malay students access to scholarships. He already has made it easier for foreign business to invest in areas such as Islamic finance, and last week warned Malaysians to prepare for an end to state subsidies on various commodities, including sugar.

Malaysia's race-based quota system, in place since the early 1970s, gives ethnic Malays special treatment—from cheaper housing and loans, to advantages in securing university places and government jobs and contracts. The aim is to boost the economic power of the Malay population, which represents 54% of the country's 28 million people, but which typically doesn't do as well in business or high-earning jobs as Malaysians who are ethnic-Chinese or, to a lesser extent, ethnic-Indians. Those ethnic groups make up about 35% of the population.

Many think the affirmative-action system is too rigid for global competition for markets and investment. Business leaders such as Nazir Razak, Mr. Najib's brother and chief executive of banking concern CIMB Group Bhd., have called for the so-called *bumiputera,* or indigenous, rules to be revised.

An opinion poll conducted by the independent Merdeka Center in 2008 found that 71% of Malaysians surveyed—and 65% of Malays—agreed the laws needed to be overhauled. Trading partners such as the U.S. and European Union have singled out government procurement policies that ensure contracts go to Malay-owned business as stalling free-trade pacts.

"I don't think there's any question that we need to commit to reform, although we'll still have to help Malaysians according to their need," says Khairy Jamaluddin, a top Malay politician with Mr. Najib's National Front coalition and leader of the United Malays National Organization's youth wing.

Still, some analysts doubt Mr. Najib will be able to take his overhauls far. Voluble opponents have emerged recently, led by a charismatic activist named Ibrahim Ali, who holds rallies and lobbies government officials. Last year, he founded the group Perkasa—the Malay word for warrior. He counts former Prime Minister Mahathir Mohamad and royal rulers such as the sultan of Selangor among his 30,000 or so supporters.

Many think the affirmative-action system is too rigid for global competition. Business leaders have called for the rules to be revised.

Mr. Ibrahim argues that the social stability ensured by giving a leg up to the Malay population far outweighs the benefits of opening more of what was once one of Southeast Asia's most dynamic economies to the nimble and capital-rich ethnics in Malaysian—particularly the Chinese, but also the ethnic-Indians.

"The playing field can be leveled sometime in the future, but it's only 2010," says the 59-year-old Mr. Ibrahim, in his Kuala Lumpur office amid pictures of Fidel Castro, Che Guevera and Ayatollah Ruhollah Khomeini. "But we've got to be honest and say we can't compete."

Mr. Ibrahim is focusing on what political analysts say is Malaysia's defining quandary: How and when to dismantle one of the world's most comprehensive systems of preferential treatment, in an ethnically and religiously diverse nation.

The analysts say Mr. Najib is trying to win back ethnic-Chinese and ethnic-Indian voters to the ruling National Front by adopting some of Mr. Anwar's policies. The risk is that Mr. Najib might lose the support of some Malay voters, especially with Mr. Ibrahim leading the charge in support of Malay supremacy. The premier didn't respond to requests for an interview for this article.

The roots of the issue go back to the 19th and early 20th centuries, when British colonists encouraged workers from China and India to go to Malaysia to toil in the rubber and tin industries. In 1969, deadly race riots killed more than 100 in Kuala Lumpur and other cities. Malaysia's rulers then adopted the quota system in the early 1970s to help ethnic-Malays.

The goal: Build up the economic clout of the Malay community to control at least 30% of Malaysia's economic output. Malays now control about 19% of the economy—up from 2.4% since the program began, according to government figures. Some independent analysts say the actual figure is higher.

Mr. Najib may be well-positioned to demand change. He is a son of Malaysia's second prime minister after independence from Britain in 1957 and is perceived as a strong defender of Malay rights.

Mr. Ibrahim reckons Mr. Najib is misreading the depth of anger many Malays feel toward any change in a policy that has given many a leg up and helped to build a large middle class.

"People like Perkasa, they can derail the prime minister's plans. They do resonate with a segment of the Malay community," says Mr. Khairy, the UMNO activist. "But this is a time for leadership, not a time to pander to Malay insecurities."

India, in a surprise move, raises key rate

By Anant Vijay Kala
And Neelabh Chaturvedi

MUMBAI—India's central bank unexpectedly raised its key lending and borrowing rates by 0.25 percentage point each to anchor inflationary expectations, making it one of the first major central banks to raise rates.

The Reserve Bank of India, in an unscheduled move, raised the repurchase rate, its key lending rate, to 5% and the reverse repurchase rate, the borrowing rate, to 3.50% effective immediately.

India's inflation in February, based on its wholesale-price index, accelerated to 9.9% from a year earlier, driven by high food prices and comparisons with last year's depressed levels. The latest level far outpaced the central bank's estimate for a 8.5% rate at the end of March.

Analysts had expected the central bank to raise rates by 0.5 percentage point when it meets to review the monetary policy on April 20, as a central bank deputy governor had ruled out any inter-meeting rate action.

India joins Australia and Malaysia as being among the first major economies to raise rates as the global economy recovers from the financial crisis.

The RBI also left the door open for a further increase at its April policy review. "The Reserve Bank will continue to monitor macroeconomic conditions, particularly the price situation, and take further action as warranted," it said in a statement.

The central bank said food prices were still high, notwithstanding some recent moderation, and that it was particularly concerned about the acceleration in prices of nonfood manufactured goods and fuel items in recent months.

"Anchoring inflation expectations and containing overall inflation have become imperative," it said. "As liquidity in the banking system will remain adequate, credit expansion for sustaining the recovery will not be affected."

Meanwhile, the RBI said that with rising demand pressures, inflation may cross the double-digit mark in March.

Economists expect inflation to ease only around May or June, when the impact of the low base fades and the winter crop output boosts food supplies.

The government began rolling back the fiscal stimulus in its budget presentation in February to bring down the fiscal deficit, but growth projections remain high.

Estimates show the economy will expand 7.2% from a year earlier in the fiscal year that ends March. Finance Minister Pranab Mukherjee expects it to expand by 8.5% in the next fiscal year.

Uncertainty over when other central banks might raise rates boosted demand for the dollar and led to a fall in commodity prices.

India's rate increase isn't likely to have a significant, direct impact on commodity demand or the amount of funds available to investors.

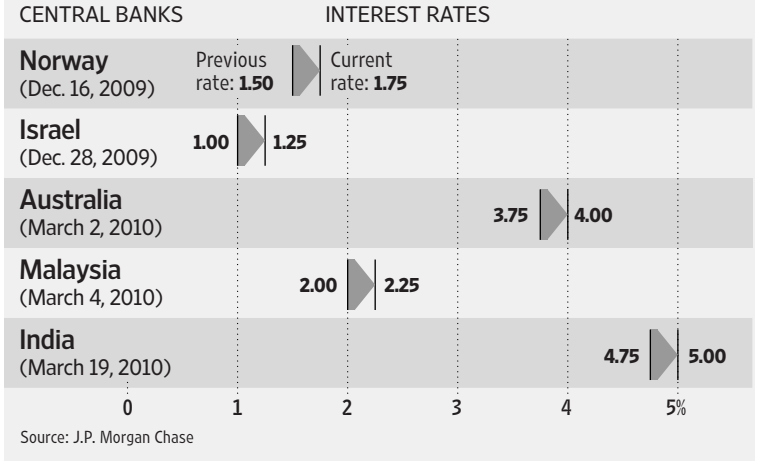
But markets were still spooked by the possibility that India's move serves as an early warning that other central banks, such as China's, will follow with rate increases of their own.

Kaushik Basu, economic adviser to the Indian Finance Ministry, said that he expects more small doses of rate hikes from the central bank.

"Given that inflation has crossed over to non-food commodities, it's a good move to curb inflation expectations," he told a local television channel.

Getting interesting

India's central bank is the latest to raise rates. Recent increases by central banks:



Source: J.P. Morgan Chase

Reuters

Secretary of State Hillary Clinton joins a wreath-laying ceremony at the Tomb of the Unknown Soldier in Moscow on Friday, the final day of a rocky visit to the Russian capital.

Nations don't march to U.S. beat

Leaders from Brasilia to Beijing sling arrows at Obama administration; Americans deny opposition is growing

By Jay Solomon
And Peter Spiegel

MOSCOW—A string of public rebukes of U.S. foreign policy in recent weeks, from Jerusalem to Red Square, is highlighting how the global goodwill U.S. President Barack Obama enjoyed on taking office last year has often failed to translate into wins on the foreign-policy front.

U.S. Vice President Joe Biden's recent trip to Israel was poisoned upon touchdown with news that Israel will proceed with new settlements in East Jerusalem—a direct challenge to the peace process advocated by Washington.

Turkey, Brazil and China have in the past month each delivered timely snubs of Washington's push for sanctions against the Iranian regime. And earlier administration efforts to reach out to Tehran and "reset" sour relations with Russia ruffled feathers with usually reliable allies in Europe.

U.S. officials reject the idea that there is a growing wave of opposition to Mr. Obama's policies.

"We have reset relations with a number of countries around the world, and this has opened the way for much more cooperation," says U.S. State Department spokesman P.J. Crowley. "Notwithstanding political posturing, our international cooperation has expanded greatly over the past year with many of these countries."

Many foreign diplomats say George W. Bush's administration faced a much more hostile reception in foreign capitals due to its prosecution of the Iraq war.

There have also been some notable advances for the Obama administration: Pakistani cooperation with the U.S. in the pursuit of terrorists is better than it has been in years, and the State Department is lauding its ties to the Kremlin.

On balance, however, U.S. diplomacy hasn't led the administration where it hoped to be.

Mr. Obama has made the forging of a comprehensive Arab-Israeli peace a cornerstone of his foreign-policy agenda. But Israeli Prime Minister Benjamin Netanyahu has continued to defy the White House's calls for a total freeze of settlement activity in lands jointly claimed by Israel and the Palestinians.

U.S. and Arab diplomats openly fear a breakdown in the Middle East peace process, which could stoke a new round of violence in the Palestinian territories. Amid the recent diplomatic dispute between Washington and Israel, Jerusalem saw its worst Palestinian street unrest in years.

White House diplomatic initiatives aimed at wooing adversaries such as Iran, Syria, and North Korea into renouncing their weapons systems and support of terrorism are also showing little signs of progress.

That leaves the U.S. heading into two key international conferences on nonproliferation this spring with the fear of the spread of atomic weapons rising.

Washington hopes the expected signing next month of a Strategic Arms Reduction Treaty with Moscow will reverse this trend.

But U.S. officials say a failure to contain Iran's nuclear activities—which Tehran says are peaceful in nature but the U.S. says are military—could prove fatal to the Nuclear Nonproliferation Treaty, which aims to stop the spread of atomic weapons.

Both the promise and challenges of the Obama administration's approach were evident in U.S. Secretary of State Hillary Clinton's two-day trip to Russia last week.

Mrs. Clinton wrapped up her mission in meetings with Russian President Dmitry Medvedev and Prime Minister Vladimir Putin. The two sides announced an imminent signing of the Start agreement as well as joint efforts to prosecute the war in Afghanistan and to counter Central Asian terrorism and narcotics smuggling.

But that came after Mr. Putin surprised the U.S. delegation Thursday by announcing that Russia plans to help Iran launch its first nuclear reactor by July.

Mr. Putin's comments undercut Washington's message that increased financial pressure is needed on Tehran, and drew a quick rebuke from Mrs. Clinton.

Beijing, too, has publicly criticized U.S. initiatives in recent weeks. Chinese Premier Wen Jiabao early last week rejected Washington's calls for a devaluation of the yuan, blasting U.S. economic policy as well as Washington's arm sales to Taiwan and gestures of friendship to the Dalai Lama.

In recent months, China has also resisted U.S. pressure on issues ranging from lowering carbon emissions to improving Internet freedoms.

Reginald Dale, a senior fellow at the Center for Strategic and International Studies in Washington, notes that some of the recent snubs come after a series of perceived diplomatic slights generated by the Obama administration.

Several top European leaders, including Prime Minister Gordon Brown of Britain, who was mocked at home after Mr. Obama presented him with a gift of Hollywood movies, and President Nicolas Sarkozy of France, who has bristled at not having a closer relationship with Mr. Obama, have felt slighted by the administration's diplomatic outreach to other would-be allies.

Reuters

Joe Biden appears with Benjamin Netanyahu in Israel recently.

Similarly, in Asia, Japanese and Indian officials have complained of being overshadowed by U.S. overtures to China—though Indian Prime Minister Manmohan Singh was the guest of honor at Mr. Obama's first state dinner.

"What goes around comes around," says Mr. Dale. "They've been snubbing other people for the last year, so it's quite ironic to see them get snubbed themselves."

Kurt Volker, a former senior State Department official in the Bush and Obama administrations, said some of the snubs appear to be a result of the administration's difficulties managing the indirect effects of policy initiatives taken early in its tenure.

Outreach by Mr. Obama to Iran and other Muslim countries, symbolized by his "A New Beginning" speech in Cairo in June, put off Israeli officials early in the administration, Mr. Volker said. Similarly, concessions on missile defense and "reset" toward Russia angered the U.S.'s Eastern European allies.

"There's a pattern of not anticipating the second-order consequences," Mr. Volker said. "It's not to say that each one of these is a bad policy or a bad idea, but you can't just charge off."

Mrs. Clinton said Friday that the Obama administration was undeterred by its failure so far to make major advances in Mideast peace or containing Iran. She said such diplomatic initiatives take time.

She also suggested the alternative to engagement would prove even more destabilizing to global order.

"Pulling together the world in a regime of smart sanctions" against Tehran will change its government's behavior, Mrs. Clinton said following her meeting with Mr. Medvedev. "We expect to reach consensus on an appropriate response" to Iran.

—Joshua Mitnick in Tel Aviv contributed to this article.

Big push to alter financial rules

Fed chief sounds alarm on 'too big to fail' firms

By Michael R. Crittenden

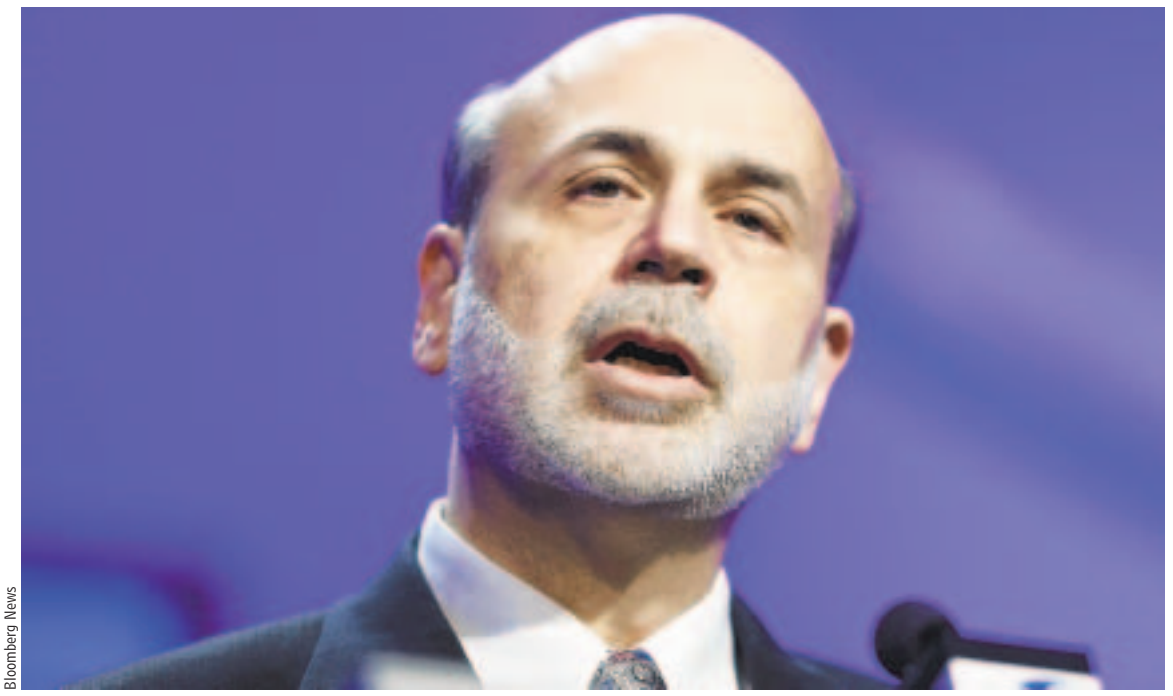
Administration officials are intensifying their appeals to overhaul U.S. financial regulation as the Senate Banking Committee prepares to take up Sen. Christopher Dodd's legislation on Monday.

Treasury Secretary Timothy Geithner is scheduled to deliver a speech at the American Enterprise Institute on Monday afternoon making the case for the sweeping legislation.

Federal Reserve Chairman Ben Bernanke joined the White House push for regulatory changes on Saturday, calling the existence of "too big to fail" financial firms "pernicious" and an "insidious" barrier to competition. "It is unconscionable that the fate of the world economy should be so closely tied to the fortunes of a relatively small number of giant financial firms," Mr. Bernanke said at the Independent Community Bankers of America conference in Orlando, Fla.

The existence of large, systemically risky firms skews competition in the financial-services industry, suggesting that the current marketplace "falls substantially short" when it comes to open competition, Mr. Bernanke said.

Lawmakers are considering legislation to let the government wind down failing financial-services companies that are deemed to be systemically risky. Mr. Bernanke said having an agency to deal with large firms that get into trouble was key. "The resolution agency should not be allowed to protect shareholders and other capital providers, and it should have clear authority to impose losses on debt holders, override contracts, and replace managers and directors as appropriate," he said.



Bloomberg News

U.S. Federal Reserve Chairman Ben Bernanke at a community bankers' convention Saturday in Florida.

Mr. Bernanke also continued the central bank's push to retain oversight of thousands of community banks. The legislation introduced last week by Mr. Dodd, the Connecticut Democrat, would shift much of the Fed's oversight of community banks to the Federal Deposit Insurance Corp. On Saturday Mr. Bernanke said the Fed "has always had a special relationship with community banks."

President Barack Obama used his weekly radio address Saturday to support the financial-regulation overhaul. He promised to use "every tool at my disposal to see these reforms enacted" and to ensure that changes serve the public interest, "not the special interests of Wall Street" seeking to preserve the status quo.

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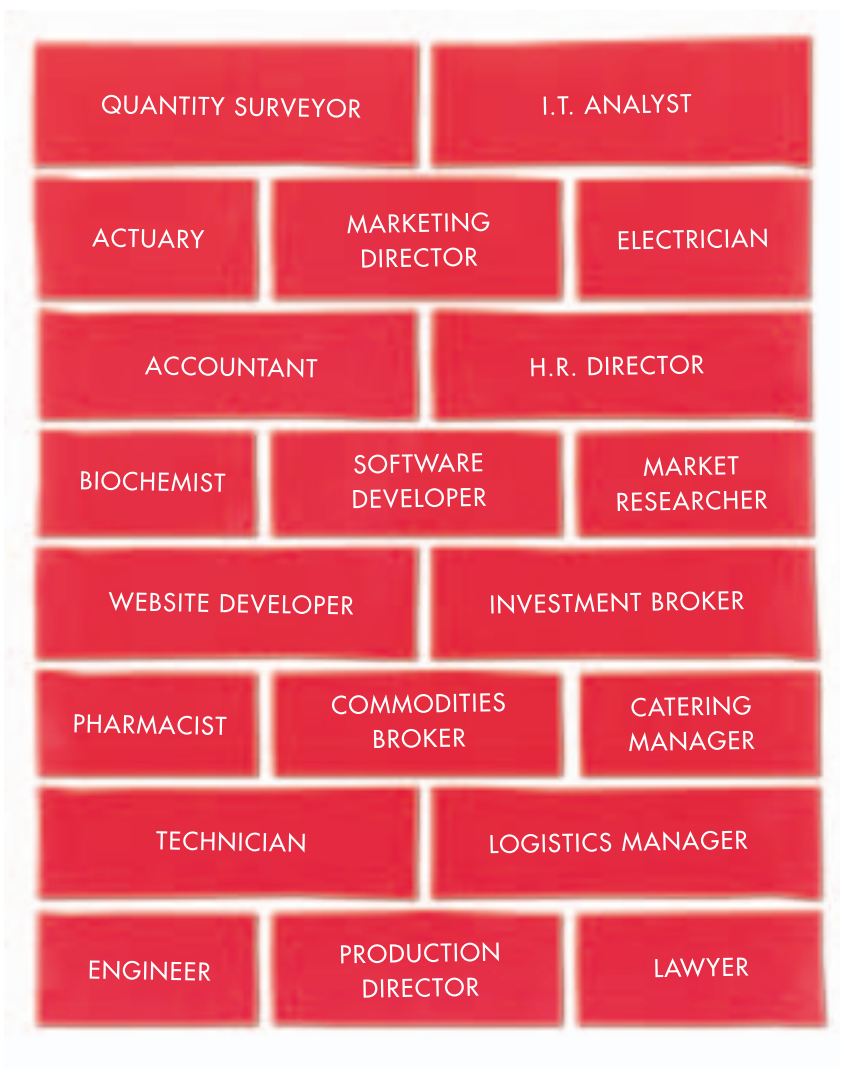

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WORLD NEWS

Greek woes dim appeal of euro zone

As debt crisis turns currency bloc wary of expansion, Eastern European nations rethink joining anytime soon

By Brian Blackstone

FRANKFURT—The Greek debt crisis has upended expectations about the euro zone, causing the currency bloc to cast a more wary eye on potential additions—and leading some countries to question joining anytime soon.

Europe's leaders have long envisioned a currency region that would slowly expand to include all the formerly Communist countries on the European Union's eastern border. Such an expansion, they said, would allow the EU to realize the full benefit of its economic union.

Many countries on the doorstep of the 16-nation euro zone have battled deep recession and rising budget deficits in the wake of the financial crisis. Three have had to turn to the International Monetary Fund for help. The candidate countries include Poland, along with the Baltic states, Czech Republic, Bulgaria, Hungary and Romania. As a condition of their EU membership, all are required to pursue euro adoption, though there is no deadline to join.

The Baltics, which grew rapidly in the years before the financial crisis, were once expected to be quick additions but are now struggling. As recently as 18 months ago, Poland was aiming for the euro by 2011, but today even optimists say it could be several years before the country adopts the currency.

European Pressphoto Agency

Poland is among candidate countries which aren't rushing to join the euro zone. Warsaw builders work on a new stadium.

The eastern countries' economies remain too fragile to be included in the common currency, even if they manage to meet the area's entrance requirements on debt and deficits, critics of rapid expansion say.

For the euro zone, the potential rewards of enlargement— but also the greatest uncertainty—lie in Poland. Poland's central bank governor Slawomir Skrzypek recently called the zloty "a very good shock absorber." Officials say joining the euro remains the goal, but they emphasize that economic overhauls must come first, a process that could take years. In addition, budget deficits and inflation, both of which are well above euro-entry limits, must be brought down.

Aided by strong exports, Poland's gross domestic product again bucked Europe's weak trend in the fourth quarter, growing at an annualized rate of 4.9%. The euro zone, by contrast, grew at a 0.4% pace last quarter. "Unless we make far-reaching reforms in fiscal policy, labor and product markets...a rush into euro area seems to be hardly justified," says Pawel Kowalewski, who heads the central bank's euro-area integration office.

Popular support for accession in the candidate countries, meanwhile, has cooled. Four-tenths of respondents to a European Commission survey want the euro introduced in Poland as late as possible, more than double the share that wants it soon. In the Czech Republic almost 50% want to wait.

Czech central bank Deputy Governor Miroslav Singer said, "The euro zone will have to solve problems caused by the fiscal situation in Greece and potentially in other countries before the Czech Republic would [be ready to] begin considering steps to enter the euro zone."

For some, Greece's troubles highlight the benefits of an independent currency outside the euro that can depreciate in bad times and boost exports. Still, for most countries, the promise of a stable currency, low interest rates and unfettered access to the world's second-largest market outweighs the cracks Greece has exposed. Latvia, whose roughly 25% GDP decline since the crisis is among the worst in the world, remains undeterred in its desire for euro entry despite Greece's woes, for example, even as its pegged exchange rate forces painful drops in wages and prices.

—Geoffrey T. Smith in Frankfurt contributed to this article.

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Merkel says Greece isn't in need of help

By Marcus Walker

BERLIN—German Chancellor Angela Merkel said that Greece doesn't need financial support and that European Union leaders shouldn't make the question of aid for Greece the focus of their summit in Brussels later this week.

In an interview with Deutschlandfunk radio, Ms. Merkel warned other European leaders against unsettling financial markets by raising "false expectations" that there will be a decision on aid for Greece this week. She insisted that Greece should sort out its own debt problems, despite growing calls from other European policy makers for Germany to back stronger support for Greece.

Tensions between Germany and other EU countries over how to handle Greece's debt crisis and the bloc's wider economic strains are growing ahead of the EU's two-day summit in Brussels on Thursday and Friday. Other European policy makers are becoming increasingly frustrated at Germany's blocking of stronger action within the 16-nation euro-currency zone to end uncertainty over whether Greece can repay its debts.

Germany's government faces strong domestic resistance from voters and lawmakers to any bailouts of euro-zone members that, unlike Germany, have pursued loose spending policies in recent years.

Ms. Merkel's comments on Sunday were an implicit rebuke of European Commission President José Manuel Barroso, who on Friday urged EU member states to agree to a standby-aid package of bilateral loans for Greece at this week's summit after Athens said last week that it might have to turn to the International Monetary Fund for help.

"There's no looming insolvency," Ms. Merkel said Sunday. "I don't believe that Greece has any acute financial needs from the European community, and that's what the Greek prime minister keeps telling me."

Greek officials say they aren't asking for money, but Prime Minister George Papandreou said last week he would like other European governments to put a money offer on the table so that financial markets can see Greece has a safety net.

That would allow Greece to borrow on bond markets at less-punitive interest rates, Mr. Papandreou argued. He warned that Greece will struggle to deliver promised deficit cuts if its borrowing costs remain unusually high and that it might have to seek help from the IMF if the euro zone remains aloof.

Mr. Barroso responded on Friday by saying that euro-zone governments should be ready to offer bilateral loans to Greece. He said that the situation couldn't be allowed to continue for much longer and that action was needed rapidly.

Ms. Merkel, whose approval is vital for any aid because of Germany's financial muscle, flatly rejected that assessment.

—Alkman Granitsas in Athens contributed to this article.

WORLD NEWS

Afghan bombs grow

Militants now have IEDs big enough to destroy any armored vehicle

By Yochi J. Dreazen

WASHINGTON—Militants in Afghanistan are building bigger and bigger roadside bombs, eschewing the kinds of sophisticated munitions that were used in Iraq in favor of mammoth explosives capable of destroying any U.S. armored vehicle.

Improvised explosive devices, or IEDs, have become the signature weapon of the Afghan war, as they were in Iraq. The number of IED attacks in Afghanistan rose to more than 8,000 last year from 2,677 in 2007. They are the single biggest killer of U.S. and North Atlantic Treaty Organization troops, accounting for 275 of the 449 coalition fatalities in Afghanistan in 2009. So far this year, Afghan IEDs have killed 68 NATO troops, including 39 Americans.

U.S. commanders expect IED casualties to rise as the new forces in the U.S. troop surge move deeper into southern and eastern Afghanistan, areas with the highest concentrations of roadside bombs.

The U.S. is devoting billions of dollars to find better ways of protecting its troops from IEDs, including a crash effort to buy thousands of specially configured armored vehicles capable of driving on Afghanistan's unpaved roads.

The Pentagon spent more than $30 billion buying an earlier model of the IED-resistant trucks, only to discover that they were largely useless in Afghanistan because of its harsh terrain.

The Afghan IEDs are at least twice as large as the bombs seen in Iraq, with some containing hundreds of pounds of homemade explosives. Bombs of that size are virtually guaranteed to cause injuries or deaths.

"A large quantity of explosives takes on a physics of its own," said Army Lt. Gen. Michael Oates, who runs the command devoted to studying and countering IEDs. "When you put enough munitions beneath the vehicle, you can essentially defeat any vehicle that's in our inventory and probably anything that we could design."

Militants continue to make bigger bombs. Maj. Gen. Michael Flynn, the top U.S. intelligence officer in Afghanistan, said in a recent PowerPoint presentation that in May 2008 less than half of all IEDs in Afghanistan used 25 pounds (11.4 kilograms) or more of explosives. By November of last year, three-quarters of the bombs were that big.

The dangers posed by the large IEDs were driven home to many in the military by a roadside bombing in southern Afghanistan in October that wiped out an entire squad of soldiers from the 5th Brigade of the Army's 2nd Infantry Division.

Early in the morning of Oct. 27, a heavily armored U.S. Stryker vehicle rolled over a bomb that had been buried in a dried-out riverbed in Kandahar province. The force of the explosion blew a protective plate that had been attached to the bottom of the truck straight up through its roof, killing seven of the eight soldiers inside.

Military explosives experts who did a forensic examination of the blast site later estimated that the IED weighed more than 1,000 pounds, making it one of the largest makeshift bombs seen in either Iraq or Afghanistan. Since that blast, U.S. forces in Afghanistan have begun to routinely encounter 100-pound, 200-pound and 500-pound IEDs.

"In Afghanistan, the enemy is using bigger and bigger charges to get the catastrophic big bang they want," said Col. Jeffrey Jarkowsky, the deputy commander of the military command dedicated to defeating roadside bombs.

IEDs were the main killer of U.S. troops in Iraq as well, but the bombs there were very different. In Iraq, insurgents used technological innovations, from radio-controlled bombs triggered by cellphones or garage-door openers.

The Afghan IEDs are set off with simple "pressure plates" that detonate the IEDs as soon as a vehicle drives on top of them.

American military officials say the Taliban are constantly recalibrating their tactics in response to new U.S. defensive measures.

Afghan fighters used to bury many bombs in culverts and riverbeds. The U.S. responded by instructing troops to get out of their vehicles and search for buried IEDs before continuing into the culverts.

The approach worked until the Taliban started to set off smaller bombs aimed at the dismounted troops.

"It's a cat-and-mouse game," said Gary Carlberg, a retired Army colonel who holds a senior position in the military's counter-IED command.

Col. Jarkowsky spent more than a year in Afghanistan commanding Joint Task Force Paladin, the military's main counter-IED unit there. He said Afghan fighters used to set off a single large IED at a time, but now routinely bury additional bombs designed to strike medical personnel or bomb-disposal technicians who respond to the initial blast.

Gen. Oates is trying to shift the military away from its long-held belief that there are technological solutions to the IED threat. Instead, the commander argues that reducing the number of roadside bombs in Afghanistan requires better intelligence about the networks of militants who plant them.

Military personnel are conducting detailed forensic examinations of individual IEDs to identify the hallmarks of specific bomb-making cells. The U.S. is also stepping up its efforts to target the financiers, engineers and logistics experts who help militants build and emplace IEDs, military officials said.

Gen. Oates said the Haqqani network, which is active in eastern Afghanistan, largely builds its bombs out of potassium chloride smuggled in from Pakistan.

Reuters

The roadside bomb that destroyed this car in October killed eight civilians.

Afghan militants pursue peace deal

By Yaroslav Trofimov

KABUL—Afghanistan's second-largest insurgent group after the Taliban said it has sent a delegation to Kabul to negotiate a peace deal with the Afghan government and coalition forces, possibly marking the biggest split in insurgent ranks since the 2001 U.S. invasion.

The five-member delegation of Hezb-i-Islami, a movement led by warlord Gulbuddin Hekmatyar, has already arrived in Kabul, said the group's spokesman Haroon Zarghoon, who is based in Pakistan.

The delegates, led by Mr. Hekmatyar's deputy Qutbuddin Hilal, are looking to meet President Hamid Karzai, U.S. officials and others "to discuss Hezb-i-Islami's agenda on how to bring durable peace to Afghanistan," Mr. Zarghoon told The Wall Street Journal. Mr. Karzai's spokesman, Ahmad Zia Herawi, said he was unaware of Hezb-i-Islami officials' visit to the capital.

Mr. Hekmatyar, one of the most prominent insurgent leaders during the 1980s war against the Soviet forces, briefly served as Afghanistan's prime minister in the early 1990s. He lived in exile in Iran after the Taliban seized Kabul in 1996, and struck a tenuous alliance with the Taliban and al Qaeda only after the 2001 U.S. invasion. Mr. Hekmatyar is blacklisted by the United Nations as an international terrorist.

While the Taliban have repeatedly said they wouldn't engage in any talks with Kabul as long as U.S.-led international forces remain in the country, Mr. Hekmatyar has softened his position in recent months, reaching out to Mr. Karzai and proposing elections supervised by a neutral caretaker administration. Until recently, he said he wouldn't talk to the coalition officials. Hezb-i-Islami militants frequently attacks U.S. and allied troops in eastern and northern Afghanistan.

Mr. Hekmatyar's relations with the Taliban, however, have soured of late. Earlier this month, the Taliban and Hezb-i-Islami fighters fought a major battle in the northern province of Baghlan. Tensions between the Taliban and Mr. Hekmatyar's men are also on the rise in Hezb-i-Islami's traditional strongholds of Nuristan and Kunar.

A breakaway faction of Hezb-i-Islami already participates in Mr. Karzai's government.

In the latest violence in the country, a suicide bomber killed 10 civilians on Sunday and wounded seven others in an attack on an Afghan army patrol at a bridge in the southern province of Helmand, an Afghan official told the Associated Press.

The suicide attack occurred as the army patrol was crossing a bridge in Gereshk, a town just north of the provincial capital of Lashkar Gah.

Two other civilians died and four were wounded when a roadside bomb went off near a crowd of people celebrating the Afghan New Year at a mountaintop shrine in eastern Afghanistan, the AP also reported.

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The ObamaCare Crossroads

Congress's climactic vote on ObamaCare brings America to the cusp of a profound and historic mistake, comparable in our view to the Smoot-Hawley tariff and FDR's National Industrial Recovery Act. Everyone is preoccupied now with the politics, but ultimately at stake is the kind of country America will be.

The consequences of this bill will not only be destructive for the health-care system and the country's fiscal condition, though those will be bad enough. Inextricably bound up in a plan as far-reaching and ambitious as ObamaCare are also larger questions about the role of government, the dynamism of American enterprise and the nature of a free society. Above anything else, this explains why Democrats have had such trouble convincing the public, let alone their own Members.

* * *

Most acutely in the balance is the future of U.S. medicine. Nearby we reprint a 1996 essay by the great Milton Friedman that is more relevant than ever. Drawing from Alexander Solzhenitsyn's novel "The Cancer Ward," the late Nobel laureate traces the ways that national health care fundamentally alters "the consensual relation between the patient and the physician."

In our world of infinite wants but finite resources, there are only two ways to allocate any good or service: either through prices and the choices of millions of individuals, or through central government planning and political discretion. This choice is inexorable. Stripped of its romantic illusions, ObamaCare is really about who commands the country's medical resources. It vastly accelerates the march toward a totally state-driven system, in contrast to reforms that would fix today's distorted status quo by putting consumers in control.

Associated Press

Friedman lays out how the country arrived at our current pass, starting with the World War II-era decision to offer tax subsidies for employer-sponsored coverage only. Like the company store, this inefficient and inequitable preference encourages workers to be paid in kind rather than cash, and over the years the third-party payer system it entrenched has inhibited competition and desensitized patients to the costs of their own care. With the 1965 creation of Medicare for seniors and Medicaid for the poor, government has come to play the leading role in shaping the way care is paid for and provided.

> A vote against the vitality of American capitalism.

Naturally, the result has been high and rising costs. Since 1962, the share of the economy devoted to health care has risen to about 17% from 6%. Today, health entitlements account for about 5% of GDP but on current trend will rise to 7% in 2025 and about 15% in 2062.

That is the problem President Obama inherited, as it were. Yet rather than fundamentally changing these incentives, he chose instead to create a new middle-class insurance entitlement that will transform the way U.S. health care is financed, and thus delivered. Such a "universal" system has been the core liberal aspiration since the age of Bismarck. But time and again this political ambition has been thwarted by American individualism, distrust of government power, the checks and balances of the political system, and, every so often, good judgment in Washington.

Once the health-care markets are put through Mr. Obama's de facto nationalization, costs will further explode. The Congressional Budget Office estimates ObamaCare will cost taxpayers $200 billion per year when fully implemented and grow annually at 8%, even under low-ball assumptions. Soon the public will reach its taxing limit, and then something will have to give on the care side. In short, medicine will be rationed by politics, no doubt with the same subtlety and wisdom as Congress's final madcap dash toward 216 votes.

As in the Western European and Canadian welfare states, doctors, hospitals and insurance companies will over time become public utilities. Government will set the cost-minded priorities and determine what kinds of treatment options patients are allowed to receive. Medicare's price controls will be exported to the remnants of the private sector.

All bureaucratized systems also restrict access to specialists and surgeries, leading to shortages and delays of months or years. This will be especially the case for the elderly and grievously ill, and for innovation in procedures, technologies and pharmaceuticals.

Eventually, quality and choice—the best attributes of American medicine in spite of its dysfunctions—will severely decline.

Democrats deny this reality, but government rationing will become inevitable given that overall federal spending is already at 25% of GDP and heading north, and Medicare's unfunded liabilities are roughly two and a half times larger than the entire U.S. economy in 2008. The ObamaCare bill already contains one of the largest tax increases outside the Great Depression or the world wars, including a major new tax on investment income—and no one seriously believes it will be enough.

So a vote for ObamaCare is also a vote against the vitality of American capitalism. Business elites have mostly held their tongues, or calculated that they can later dump their health-care liabilities on the government. Yet ObamaCare will lead to much higher levels of taxation across society. The tax wedge—the share of labor costs that never reaches workers but instead goes straight to government—will start flying towards the 50% that prevails today in most of Europe. In America, without the same welfare state obligations, it hovers near 30%.

* * *

A self-governing democracy can of course decide that it wants to become this kind of super-welfare state. But if the year-long debate over ObamaCare has proven anything, it is that Americans want no such thing. There is no polling majority or any bipartisan support, much less a rough national consensus, for this expansion of government power. The election of Scott Brown in Massachusetts for Ted Kennedy's seat, of all things, was as direct a referendum as you could have.

As we went to press the outcome of the vote was not yet known. But if the health bill did pass in the House, it did so the way it did in the Senate, with a narrow partisan majority, abetted by political bribery and intimidation, budget gimmicks and procedural deceptions. The ugliness of the bill, and of its passage, means that some or all of it might be repealable, but far better not to make the tragic mistake in the first place.

The Dodd Status Quo

Once ObamaCare becomes law, the next big legislative rush is going to be for financial reform, but as we look at Senate Banking Chairman Chris Dodd's latest draft we can't help but wonder: Why the hurry? On the crucial issues of regulation and too big to fail, his bill is largely the current system, only more so.

Much like the version that passed the House last year, Mr. Dodd's bill clings to the illusion that regulators in the future will know a financial mania when they see it. These would presumably be smarter regulators than those who helped create the housing bubble with easy money, affordable housing promotion, government-selected credit-ratings agencies, Basel capital rules that encouraged banks to hold mortgage-backed securities, and so on.

So Mr. Dodd proposes a Financial Stability Oversight Council that "will focus on identifying, monitoring and addressing systemic risks." In the future, will any of these brave knights of the regulatory roundtable want to raise his hand and say that there is systemic risk in, say, rising home prices? We doubt it.

The very definition of a mania is that everyone thinks life is grand and doesn't want the party to end, so regulators won't know trouble when they see it. A simpler solution is to impose higher capital and margin requirements on financial institutions and transactions so they can't make bets with too much leverage. We don't need a new Olympian council for that.

> Too big to fail is alive and well in the Senate's financial reform.

Meanwhile, Mr. Dodd retains the current too-big-to-fail doctrine, though he deserves credit for one improvement. His "orderly liquidation procedure" for giant financial companies is starting to look more like bankruptcy, and that's good for taxpayers and the efficient allocation of capital.

The problem is that Mr. Dodd's bill also creates new bailout authorities that could make this procedure irrelevant. An expansion of the Federal Reserve's emergency lending authorities makes one wonder whether any giant banks will ever have to confront failure. What's more, the Fed and the Treasury could slap a Federal Deposit Insurance Corp. guarantee on the debt of large companies without even securing the approval of the FDIC.

When the risk is the failure of a large financial company, Mr. Dodd's bill says the regulators can put the company into a "liquidation procedure" managed by the FDIC. This procedure will be funded by $50 billion in taxes imposed beforehand on large financial companies. Bad idea. Tax revenue sent to Washington will be spent, not saved, and everyone asked to pay the tax will immediately carry the too-big-to-fail label, with all of the market distortions it creates.

The bill still needs work, but it's moving toward something better than bailouts. Particularly encouraging is Mr. Dodd's proposal for a panel of judges to review within 24 hours whether the liquidation candidate is actually insolvent or about to be so. This will prevent the executive branch from seizing companies that do not wish to declare bankruptcy. Mr. Dodd should consider going further and allow experienced judges a say within 24 hours on whether bankruptcy or the "liquidation procedure" is appropriate.

Yet all of this debate about FDIC "liquidations" will be irrelevant if separate provisions backed by Treasury Secretary Tim Geithner remain in the bill. Treasury wants regulators to have the discretion to "put foam on the runway" whenever they see a financial flyer losing altitude. Along these lines, the Dodd draft broadens the Fed's so-called 13(3) emergency lending authorities. The central bank could lend to any firm that the council decides is crucial to the flow of money in the financial system. Banking lawyers who have reviewed the language tell us they're not sure if any Wall Street giants would be disqualified from dialing up such a rescue. Clearinghouses and stock and futures exchanges would be inside the taxpayer safety net. In fact, the safety net could extend beyond firms the council determines are systemically important, however that is defined, to companies that are merely "likely to become systemically important."

Mr. Dodd deserves credit for trying to create a path to failure for the largest banks, but in its entirety his bill is a step toward more and larger bailouts. A genuine reform would make clear that unsuccessful companies will go out of business and their creditors won't be saved. Unlike Mr. Geithner's runway metaphor, no one dies when a trading firm collapses. Often, the asset gets turned over to someone who knows how to operate it.

OPINION

A Dark Horse for 2012?

[Weekend Interview] with John Thune

By John Fund

Washington

When the freshman Senate class of 2004 was sworn in, its most up-and-coming stars were two basketball aficionados born in 1961. One was Barack Obama. The other was South Dakota's John Thune, who became that year's political giant by narrowly defeating Tom Daschle, the Senate's Democratic leader.

The two men have often joked about playing hoops together, but they've both been busy. Mr. Obama, of course, now lives in the White House. Mr. Thune has also risen, last year becoming head of the Republican Policy Committee, a leadership post that puts him in charge of generating the party's position on key issues. Of late he's been mentioned as a dark horse presidential candidate by Republican strategists who aren't enamored by any of the likely 2012 contenders.

Mr. Thune clearly respects his old colleague and admires the grit and skill he showed in becoming president. But when we meet in his Senate hideaway, he's is all business. He outlines to me just how he and his colleagues plan to

The Republican who beat Tom Daschle rises in the Senate—and some think he should run against Obama.

frustrate ObamaCare should it pass the House—the vote was held Sunday—and head back to the Senate. Mr. Thune and fellow Republican Judd Gregg of New Hampshire are laying out the obstacle course the bill will have to navigate in the Senate.

House Democrats are only planning to approve the Senate healthcare bill passed last Christmas Eve because of promises that problems in the legislation—ranging from sordid special-interest provisions to an unpopular tax on high-cost health care plans—will be "fixed" in the Senate using the arcane reconciliation process. That process allows legislation to move through the Senate with a simple majority vote, so long as it pertains directly to the budget and meets strict guidelines in reducing the deficit. Policy changes are frowned upon and subject to a challenge that, if upheld by the Senate parliamentarian, require the given provision to have 60 votes to pass. If 60 votes aren't there, it must go back to the House for another grueling debate and vote. Call it Congress's version of March Madness.

"House members who think the Senate will do their bidding are taking an incredible leap of faith," Mr. Thune says as he tosses me a soda from a stash in a nearby closet. "We will leave no stone unturned making senators take tough votes." He claims that the threatened Democratic resort to reconciliation is a complete abuse of the process. "Take the hijacking of the student loan program, which would be sent to us in an attempt to find money to pay for health care. There were no hearings on what is a sweeping policy change that eliminates jobs and nationalizes an entire industry. That will be a target," he warns.

Mr. Thune is also convinced that the purported deficit savings from the "Cadillac" tax on high-cost health-care plans—likely to start in 2018—would reduce revenues to the Social Security program and would fall outside the current budget window. If so, both elements would be the subject of procedural challenges that could punch large holes in the health-care bill. Mr. Thune makes no apologies for such tactics: "The American people have made it clear they don't like this bill, it will lower the quality of health care and it is the wrong medicine for an economy in recession."

So what should be done to reinvigorate the economy? Earlier this month, Mr. Thune put forth his own modest proposal to take the stimulus bill money that remains both unobligated and unspent—some $160 billion—and redirect it to provide incentives for small business to create jobs. His plan would allow them to pay off investments in equipment and physical capital more easily, eliminate capital gains taxes on their investment, and allow for 20% deduction for small business income. "Less than 1% of the stimulus bill was dedicated to small business tax relief, even though they create 60% to 80% of all new jobs," he says.

But I wonder if he thinks these measures will be enough to jar a moribund economy. I note that Mark Bloomfield, the head of the American Council for Capital Formation, wants to revive an idea that he helped enact into law back in 1978, when the country was sliding into recession and governed by a Democratic president and Congress. Against all odds, Mr. Bloomfield and his allies assembled a bipartisan coalition that cut capital gains taxes. Does he think a similar approach could be tried today?

* * *

Mr. Thune notes that Congress is now more partisan than in those days, but that the economy is in such bad shape that some Democrats are recognizing "they can't go back to the well again for another traditional stimulus bill." So a new approach could have appeal if the economy doesn't recover. President Obama himself has observed that the U.S. has the second highest corporate tax rate of any industrialized country. "I'm always for cutting capital gains taxes and marginal rates because you get more revenue and economic activity," Mr. Thune tells me as he forms a steeple with his long fingers.

But he maintains the first priority must be to reduce "the economic and policy anxiety" the Obama administration has created, which has slowed down recovery. "We should be implementing trade deals, but they're stalled in Congress. We should be reining in the EPA's [Environmental Protection Agency] regulatory overreaching; I've had two coal-fired power plants stopped in my state."

Terry Shoffner

He links domestic policy with foreign policy by noting that the policy uncertainties created by the Obama White House weaken the U.S. position in the world. "When the president went to China, their leaders wanted to talk about health-care reform and how a new entitlement would impact our ability to pay our debts. We need to ask the question: if we pursue lots of new spending when we owe all this money do they have leverage on us we should worry about?"

Policy debates aside, I ask Mr. Thune what he thinks about the current state of the Republican Party. "We have to recognize that people hate Congress in general, and suspect both parties," he says. "We've got to get to high ground with a long term, governing philosophy that convinces people we will get taxing and spending right in the future. We lost control of Congress because we weren't always in accord with our principles," he admits.

Should Republicans regain control in November or in the next election cycle, Mr. Thune says it will be important for them to revisit internal reforms that often were avoided or watered down the last time the GOP took over after their 1994 landslide. He ticks them off: "We have to address the static scoring of the Congressional Budget Office that limits good policy choices" because of its blinkered view of how the economy functions. He becomes passionate when he discusses a budget process he says was designed by liberals when they seized control of Congress in the 1970s and created a built-in bias towards higher spending. "It's clearly a broken, dysfunctional system that's bankrupting us."

Mr. Thune suggests moving "to a two-year budget, where you spend one year legislating it and then the second year conducting oversight of government agencies and investigating to make sure the taxpayers' money is well spent. We have to pass budget resolutions that have real teeth and that get us away from a trend line where the federal government is spending a fourth of our economy and back to its traditional share of 18% to 20%."

He praises the recent action of House Republicans to impose a one-year moratorium on earmarks and notes that this past week GOP senators voted 25 to 15 for the same reform. But the question of earmarks raises the issue that federal spending doesn't occur in a vacuum. It often results from the pressures members of Congress get from the folks back home. Mr. Thune himself worked to get the Senate to agree to an annual mandate of eight billion gallons of questionable ethanol production. He also authored a part of the last farm bill that set up a permanent assistance program for farmers who lose crops to natural disasters. Is there room for a more rational farm policy going forward?

"Yes," he quickly responds. "We should move to fewer direct subsidies and embrace a model that combines a crop insurance program with risk management tools. If we do that, we can make sure the heartland remains the nation's breadbasket, but requires less direct federal intervention."

The clock above us buzzes, indicating a vote is about to take place on the Senate floor. Mr. Thune has to go, but I have to ask him about all the speculation that as a photogenic, youngish senator with a proven record of winning elections he would make a good presidential candidate in 2012. He laughs and pointedly reminds me he is running for re-election this year (albeit against nominal opposition) and has no other plans. So does he want to make a Shermanesque statement that he won't run? He stays relentlessly on message: "I am running for re-election to represent South Dakota."

Mr. Thune may not be talking presidential politics but others are, given that there is no clear front runner. "He could be the 2012 federal version of Bob McDonnell," GOP strategist Mark McKinnon told Politico.com. "He's unquestionably conservative but not in an ideological way—more in a Midwestern, rural, country, small-town way. So he's acceptable to all factions."

While he has a low national profile, he does have some assets: name ID in the parts of the first caucus state of Iowa that get neighboring South Dakota media, a $6 million bank account he could use for a presidential run, and a fundraising list of 100,000 names from his race against Mr. Daschle. Balanced against that is his somewhat low-key personality and the fact that he's been a creature of Capitol Hill for 20 years: first as a staffer, then as a House member and now in the U.S. Senate.

* * *

As a senator, Mr. Thune certainly makes sure he fulfills his duties. He's stayed until the last possible moment to answer my questions, but it's now time to vote. At 6 feet 4 inches, he uses long strides to cover the distance to the Senate floor in short order. But he will be back in his office soon enough. He has to hold another meeting on how to stop ObamaCare in case the House dumps it in the Senate's lap again.

Mr. Fund is a columnist for WSJ.com.

CORRECTION

Electrovaya, the battery maker for Tata's electric car, is based in Canada. Thursday's Business Asia column "Tata Drives Into Europe" incorrectly stated the company is Norwegian.

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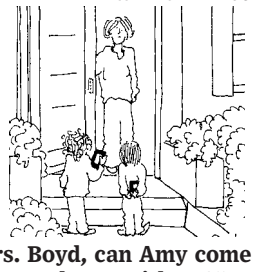


"Mrs. Boyd, can Amy come out and text with us?"

OPINION

One Currency Doesn't Require 'One Europe'

By Judy Shelton

The creation of the euro was either the greatest historic achievement of the last century—or its worst delusion.

Not to be glib, but the answer is both: The euro represents a magnificent step toward fulfilling money's highest purposes—to serve as a medium of exchange, a unit of account, and a store of value—but it's also fraught with problems borne of wrongly commingled economic objectives and political aspirations.

Hence, Europe's single currency is proving both a boon and a bane to free market capitalism. While it facilitates economic transactions across borders and

The euro has gained stature as an alternative to the U.S. dollar. Preserving it will require letting profligate states like Greece pay their own way.

helps to optimize investment, the euro's vulnerability to the bad behavior of individual member nations calls into question its ultimate dependability.

How—or whether—U.S. allies across the Atlantic manage to resolve the fundamental conflict between providing sound money and bailing out spendthrift governments will have a crucial impact in determining Europe's future. And America's.

At issue is whether government should be involved in the fundamental task of issuing a reliable form of money. Given that politicians have a penchant for short-term fiscal indulgence at the expense of long-term monetary stability, there is an obvious conflict of interest.

The Europeans opted to deal with this conundrum by designating a monetary authority—the European Central Bank—as a supranational institution ostensibly immune to political pressures that might emanate from member states. Focusing on "price stability" as its paramount objective, the ECB has done a laudable job resisting calls for easier monetary policy; in the 12 years since the euro was introduced, it has delivered inflation averaging about 2% annually and has gained stature as an alternative global reserve currency to the U.S. dollar.

But what to do now? With Greece flummoxed by strikes and social upheaval as it wrestles with a 12.7% budget deficit and potential debt default, it's not clear to what extent fiscal profligacy will be resolved through monetary laxity. Asked whether the ECB would bail out Greece and other struggling European nations, ECB President Jean-Claude Trichet responded in a Fox Business Network interview March 12: "It is not the ECB which is at stake; it is the governments of Europe. They have said in their summit that they stood ready to do whatever was necessary to maintain financial stability in the euro area. I stick to that statement myself."

While Mr. Trichet is trying to draw a line between the monetary institution that stands behind the euro and the governments of the 16 nations that comprise the euro area—and whose central bank governors sit on the ECB's Governing Council, its main decision-making body—it is not so easy to separate them.

The whole purpose of forging a single currency, after all, was to foster greater European economic

Corbis

integration. And the broader notion behind that concept, some five decades in the making, is that economic integration begets political integration. For a continent that suffered two devastating wars in the last century, it seems a most worthy goal; indeed, brochures distributed by the European Commission for purposes of explaining the history behind the euro carry the title: "One Currency for One Europe."

If there were any doubt that Europe's political fate is intertwined in the euro's continued viability, it was dispelled by French President Nicolas Sarkozy's observation, apropos of the Greek situation, earlier this month. "We cannot let a country fall that is in the euro zone," he told French farmers. "Otherwise, there was no point in creating the euro."

The United States faced a similar dilemma early in its own history. Confronted with the need to have a common currency among the newly-established states that had become a single sovereign nation following the Revolutionary War, yet wary of granting money powers to a federal Congress, the Founding Fathers chose to place limits on government to prevent it from abusing the public trust. Excessive money issuance through "bills of credit" issued by state governments to serve as legal tender had already proven to lead to financial disaster; unless money was defined in precise terms to determine its value, it could not function as a meaningful unit of account.

In other words, money was to be a standard in the same way that official weights and measures were standards. States could not debase money for political reasons or to surreptitiously reduce their debts. In the debate over the government's proper monetary role in 1784, Thomas Jefferson asserted, "If we determine that a dollar shall be our unit, we must then say with precision what a dollar is."

* * *

In the Constitution adopted three years later, legal tender coinage was limited to gold and silver. Congress was given the power to coin money and to "regulate" its value—that is, to specify the legal value of the coins in terms of a number of dollars. While Congress was permitted to borrow money on the credit of the United States, this was strictly a fiscal power that had nothing to do with creating money.

All of which suggests that Europe—and America—would do well to tap the wisdom of the past in seeking to fulfill its political destiny without sacrificing its monetary integrity. Contrary to George Soros's pronouncement that the euro is flawed because there is "a common central bank, but you don't have a common treasury," the way to save the euro is to remove it even further from the compromising process of government fiscal policy.

It's interesting that Mr. Trichet, lamenting that "finance lost contact with its *raison d'etre*" in a March 12 speech at Stanford University, invoked lessons from an earlier era. "There is a widespread perception that banking crises in times when money was convertible into gold had apocalyptic consequences for bank depositors. This is not true. The estimated average loss on assets born by depositors in banks that were closed down as a consequence of financial crisis was minuscule."

Mr. Trichet cited the importance of well-capitalized banks to defend against financial innovation that has come to "serve itself" rather than the real economy, and placed his faith in more international regulation. While he is right to worry about our increasingly wag-the-dog world of speculative finance, the way to reconnect financial flows with productive enterprise is to empower individuals through honest money.

Capitalism needs a sound monetary foundation to function properly. It's something America's Founders worked out a long time ago.

Ms. Shelton, a senior fellow at the Atlas Economic Research Foundation, is author of "Money Meltdown: Restoring Order to the Global Currency System" (Free Press, 1994).

Not the Next Gandhi

By Swapan Dasgupta

When India's opposition party, the Bharatiya Janata Party, announced the 37 members of its new organizational team earlier this month the spotlight immediately fell on one man: Varun Gandhi, the 30-year-old grandson of former Prime Minister Indira Gandhi, who had been appointed as one of the BJP's 15 secretaries. Indian media feverishly speculated that the BJP was pitting Varun Gandhi against his 39-year-old cousin Rahul Gandhi, the heir apparent of the ruling Congress Party.

The thrill of a possible Gandhi versus Gandhi dogfight is understandable. Despite pious invocations of republicanism, Indian voters are besotted by the glamor of dynastic politics. And within the cluster of democratic dynasties jostling for people's affections, the Nehru-Gandhis are unquestionably number one.

Unfortunately for Varun Gandhi, a first-term MP who courted notoriety for his anti-Muslim statements during his 2009 election campaign, his desire to emerge as the alternative, pro-Hindu Gandhi isn't fully shared

AFP

Varun Gandhi

within the BJP. Since 2005, Varun Gandhi has lobbied the BJP leadership to be appointed general secretary, an exalted position just below the president in the party hierarchy. It would have put him on par with Rahul Gandhi, who too is a general secretary of the Congress Party. Now, five years later, the BJP has given Varun Gandhi a measure of organizational responsibility but not the position of authority he sought.

Varun Gandhi's biggest promoters are some of the older leaders of the Rashtriya Swayamsevak Sangh (RSS), a Hindu volunteer organization that sees itself as the BJP's ideological fountainhead. He appears to have charmed many of these reclusive bachelors with his earnestness, preying on their sublimated awe of the Gandhis. His apparent commitment to India's Hindu regeneration has endeared him to the RSS, which sees *Hindutva* (loosely translated as "Hindu-ness") as the way forward.

This February, at a public meeting in the small town of Shikarpur, Varun Gandhi made a tangential criticism of the BJP's focus on bread and butter issues. "Price rise is an issue alright," he said, "but we should not forget what our party was formed for. We should not compromise on our self-respect. If we don't fight for our self-respect, the Ganga (the sacred river of Hindus), Gau-Mata (the mother cow), our temples and the youth, then everything else will fall apart." Coming from a Gandhi, the RSS loved it.

Varun Gandhi's second source of strength comes from the Hindu disquiet in localities confronted by growing Muslim assertiveness. His muscular, come-on-if-you-dare approach earned him a short stint in prison during the 2009 election campaign for an anti-Muslim speech. (Varun Gandhi says his remarks on Muslims were distorted, and the matter is currently still before the courts.) However that same campaign won him a very handsome majority in his constituency of Pilibhit, in Uttar Pradesh. Varun Gandhi's alleged threat to decapitate the hands of those who molested Hindu women shocked liberal India and even derailed his party's campaign strategy nationally. But in the process he endeared himself to angry Hindus smarting at the BJP's shift away from militant Hindutva.

Since his election to Parliament, Varun Gandhi has kept below the radar, focusing on humdrum constituency work. Yet he hasn't lost sight of his supporters, including large numbers of angry youth who are attracted by his machismo. In the same speech at Shikarpur, he held out a menacing promise: "I will ensure that no cow slaughter takes place here and if you hear of any such case, you can call me any time and I will be there. We will get our hands cut off but won't let any cow be slaughtered."

The political styles of Varun and Rahul Gandhi are as sharply different as the approaches of their respective fathers. Varun's father Sanjay Gandhi, who died in a plane crash in 1980, was brash, confrontational and intuitively political. Rahul's father Rajiv Gandhi was courteous, somewhat self-effacing and largely nonpolitical. Today, Varun has emerged as an aloof demagogue while Rahul is still unwilling to take forthright stands on issues. Varun's rhetoric is decisively political, whereas Rahul's appeal still rests on nebulous concepts like youth power.

The biggest difference is their target audience. It is clear that Varun sees a benefit in endearing himself to Indians who nurture a strong sense of grievance. Rahul, on the other hand, is tapping into the aspirational and modernist impulses of Indian youth.

Backed by the full weight of his party, Rahul has a head start over his cousin, who is still viewed warily by the BJP. But Varun will try to use his recent elevation to position himself as an alternative. India has a lot riding on the results of this family drama.

Mr. Dasgupta, a Delhi-based political commentator, is a former managing editor of India Today.

IN DEPTH

Iranian defector in Norway details government crackdown

Senior diplomat alleges vote-rigging, pressure to spy on his son; 'my conscience couldn't stand it any longer'

(Left to right) Marie Sjovold for The Wall Street Journal; Agence France-Presse/Getty Images

Mohammed Reza Heydari, left. When antigovernment protests took place outside Iran's embassy last year, Mr. Heydari said he was asked to help identify the demonstrators.

By Margaret Coker
Oslo

In Iran's controversial election last June, the job of certifying absentee ballots in Norway fell to Mohammed Reza Heydari. The senior diplomat had always considered himself a loyal official of the Islamic Republic of Iran.

The vote showed the opposition candidate beating President Mahmoud Ahmadinejad, a result that Mr. Heydari duly certified. Shortly thereafter, Iranian intelligence agents threatened him with discipline.

They also asked him to be an informant on Iranian expatriates—including his 17-year-old son, he said, because he had marched in antigovernment protests. Mr. Heydari refused.

By January, the slight and balding veteran of the Iran-Iraq War had resigned as chief consular official at the Iranian Embassy in Oslo. He requested and received political asylum, citing threats against him and his family.

Mr. Heydari witnessed up close Iran's effort to crush protests and skew the vote in last year's historic election. His description of Iran's crackdown, as he saw it unfold from his perch in Scandinavia, is one of the first to come from a named Iranian official. Some aspects of his account couldn't be independently confirmed.

In an interview describing his experiences, Mr. Heydari said, "My conscience couldn't stand it any longer. I couldn't serve a government turning its guns not on its enemies but on its own people."

He is creating a sensation. He has been offered speaking engagements across Europe, and recently met with Iranian Nobel Peace Prize winner Shireen Ebadi. In Iran, Mr. Heydari has become the public face of a quiet protest movement that, he said, is playing out at other Iranian missions around the world.

He said at least 27 other diplomats abroad and inside Iran have resigned their posts to protest the vote and its violent aftermath. In the past six months, three other Iranian diplomats have requested political asylum: two from Iranian consulates in Germany and one from the embassy in London, according to Mr. Heydari.

Those figures couldn't be verified. Mr. Heydari said diplomats who have resigned are unwilling to publicly acknowledge their moves. Officials in Germany and Britain, citing privacy laws, declined to comment.

Jamshid Parvisi, a spokesman for Iran's embassy in Oslo, said there is no evidence that diplomats are resigning or seeking asylum. Regarding Mr. Heydari's other statements, he said: "I reject his accusations 100%. We view Heydari as an opportunist. He decided to claim asylum for family reasons, not for political ones."

Mr. Heydari said he isn't surprised that embassy officials say he is lying. "They still work for the government, so that's what I expect them to say."

Mr. Heydari's defection comes as Iran's opposition movement has been struggling to maintain momentum. After organizing protests for eight months against last June's election, the opposition faced a setback in early February, when an attempt to stage a large protest was thwarted. Since then, protest leaders have appeared unable to move forward amid a harsh crackdown.

Last week, opposition leader Mir Hossein Mousavi released a video slamming the government's stewardship of the economy, in an apparent effort to broaden his base of support among Iranians suffering hardship.

For Tehran, the defection has been an international embarrassment triggering a tit-for-tat diplomatic row with Oslo. After Mr. Heydari's move, Iran last month expelled a Norwegian diplomat from Tehran. Oslo responded in kind. A spokesman for the Norwegian Foreign Ministry said Oslo hopes to rebuild relations with Tehran and expressed concern about a "worrisome" deterioration in Iran's human-rights record.

Frode Farfang, deputy director of the Norwegian Directorate of Immigration, the government agency that handles asylum requests, said Mr. Heydari presented "credible evidence" that he and his family would face persecution if they returned to Iran. He declined to describe the evidence, citing privacy.

Of 499 Iranians who sought asylum in Norway last year, 168 applications were accepted, an indication of Norway's strict standards. For Mr. Heydari, however, "we didn't have to sit on [his] case for long," Mr. Farfang said.

The Iranian spokesman confirmed that Mr. Heydari supervised voting but denied there was pressure to change the results. He said he didn't know whether Mr. Heydari's son took part in demonstrations and denied that Mr. Heydari was asked to identify protesters.

Mr. Heydari spent much of his career stamping legal documents and issuing passports. He clocked long hours at work as a senior diplomat here in Norway, spent quiet nights at home with his family and observed Iranian national holidays.

Today, he has found stepping into the limelight as a political dissident to be an awkward transformation. Along with his new prominence, there is emotional upheaval.

The Oslo police provide a round-the-clock escort for his family and accompany his two sons to school. The detail started after Mr. Heydari said he received phone calls threatening his children.

In Iran, two of Mr. Heydari's four brothers have been questioned by local police, he says. His mother-in-law, who lives outside the city of Isfahan, had her house vandalized by men the family believes belong to the proregime Basij militia. The Iranian official said he isn't aware of any incidents against Mr. Heydari's relatives in Iran.

Mr. Heydari's wife says she is battling depression in Oslo. "We don't ski. We don't speak Norwegian," says Mr. Heydari. "I belong to Iran. But there is no road back there for now."

A son of a bread baker, Mr. Heydari grew up in a suburb in southern Tehran. He served as an infantry scout in the Iran-Iraq war. Wounded in action, he won a discharge and later a coveted slot at a diplomatic training institute of the Iranian Ministry of Foreign Affairs. He is the only one of his nine siblings to have worked for the government.

"Every one of my brothers went into business for themselves. They never could understand why I would choose government over business. But for a long time I felt proud of my work. I was helping others, not only myself and my family," he said.

Mr. Heydari served as consul general at the Iranian Embassy in Tblisi, Georgia, and at the Frankfurt consulate before arriving

IN DEPTH

Mr. Heydari said he witnessed Iran's effort to crush protests and skew the vote in last year's elections. He and his family have received asylum in Norway. 'We don't ski. We don't speak Norwegian,' Mr. Heydari said. 'I belong to Iran. But there is no road back there for now.'

Marie Sjovold for The Wall Street Journal (3)

in Norway in 2007. His main job: helping Iranian citizens abroad navigate the bureaucracy of expat life—registering births, notarizing divorce papers, issuing passports. Iranian expatriates in Oslo say he had a reputation for being diligent and helpful.

Mr. Heydari's job expanded last year, he said, as the June election approached. With a team of four colleagues, he ran expatriate polls in Oslo and counted the ballots. Of 650 votes cast at his embassy, 540 backed the main challenger, Mr. Mousavi, he said. Diplomatic cable traffic reported similar results at other embassies, he said.

"The will of the people was clear," he said. "I signed my name to the report saying it."

Mr. Heydari alleges that he came under pressure from his superiors to record a result favorable to Mr. Ahmadinejad instead of Mr. Mousavi. And as protests outside Iran escalated last year, the acting head of the embassy in Oslo told him to identify Iranian expats protesting in front of the embassy, Mr. Heydari said. Intelligence agents filmed the protesters, he said, and asked him to identify faces in the crowd. Mr. Heydari said he refused to cooperate.

The Iranian embassy spokesman denied that demonstrators were videotaped or that there was an effort to identify individuals. Describing the protests as small groups of activists, he said, "There is no need to record them. We already know who they are."

In mid-July, Mr. Heydari said, an official at the embassy called him in to show him another filmed protest. The official pointed out Mr. Heydari's 17-year-old son in the crowd. He says he was given an ultimatum: Keep your son at home, or face disciplinary action from Tehran.

Mr. Heydari said he told his boss that he supported his son's actions, and expected to be fired. By December, that hadn't happened. But going to work was becoming intolerable, partly because of the growing political activism of his eldest son.

"At dinner we'd talk and he'd tell me ... [that] his friends saw me as the face of a repressive government," Mr. Heydari said. "I didn't want to accept his logic. But, finally I understood that my son was right."

At the end of December, after Iran's crackdown on protesters during the Ashura holy days there, Mr. Heydari said he resigned and was told he would have to return to Tehran. He and his wife started packing on the understanding that his career was over but relieved the decision had been made.

Before he could leave, his resignation became public. A Norwegian TV reporter got wind of the resignation letter, and on Jan. 5, Norway's public broadcaster ran a piece on what the journalist who broke the story called "the dissenting diplomat."

Two days later, Mr. Heydari said, a four-man delegation from Tehran arrived in Oslo to talk to him. He said the men told him that his only chance to return home safely was to fly back with them and give an interview to Iranian state TV recanting his resignation.

The Iranian embassy spokesman, Mr. Parvisi, disputed Mr. Heydari's version of events, saying that Mr. Heydari had been presented with a letter telling him his posting was completed, but "he wanted to find a way to stay in Norway." The Iranian spokesman said, "If he went home [to Iran] tomorrow, nothing would happen to him."

Mr. Heydari acknowledges that he was approaching the end of his posting and denies trying to stay in Norway for personal reasons.

Mr. Heydari said colleagues in Tehran warned him against returning to Iran. He said he was told that three diplomats who had returned from embassies in Asia lost their jobs for alleged sympathies with the opposition.

The visitors from Tehran triggered an emotional debate in the Heydari household around the dining-room table. Mrs. Heydari told her husband to tone down his actions, for fear he would endanger their relatives back in Iran. He told her that it was too late to turn back.

On Jan. 12, Mr. Heydari says he approached the Norwegian government and requested asylum. The Heydaris' lives have been confined to the few blocks between their two-bedroom apartment in Oslo's diplomatic district, the local grocery store and their sons' school.

Mr. Heydari is waiting for Norway to issue him temporary travel documents and worries about how he's going to support his family in a country where he doesn't speak the language. He says his assets inside Iran, including a vacation home on the Caspian Sea and an apartment in Tehran, have been frozen.

"I tell myself that if I went home quietly, then the government would be free to keep their crackdown going," he says. "At least now, I have the option to talk, and talk loudly, to make sure everyone knows what is happening."

—Alistair MacDonald in London and David Crawford in Berlin contributed to this report.

Mr. Heydari's defection comes as Iran's opposition movement has been struggling to maintain momentum. After organizing protests for eight months against last June's election, the opposition faced a setback in early February, when an attempt to stage a large protest was thwarted. Since then, protest leaders have appeared unable to move forward amid a harsh crackdown.

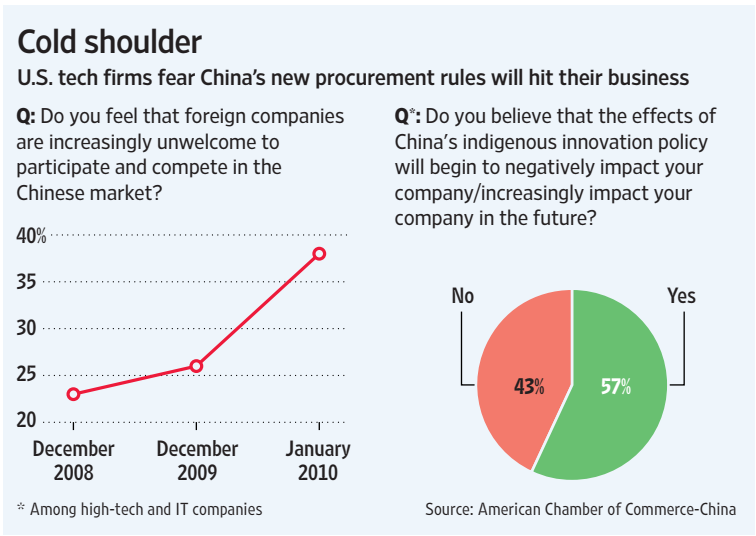
FROM PAGE ONE

More U.S. firms feel unwelcome in China

Continued from first page
leased just a few months ago in December, and 23% in 2008. It was the highest level of dissatisfaction recorded in the four years since Amcham, which lobbies for U.S. businesses in China, began polling its members on this question, and indicated that sentiment is rapidly deteriorating. Amcham conducted the latest survey because it was concerned about the deteriorating investment environment and the impact of the rules on indigenous innovation.

In late October, three Chinese ministries posted a joint notice requiring technology vendors to gain accreditation for their products before they could be included in a government-procurement catalog of products containing "indigenous innovation." The catalog will cover dozens of products sold by foreign companies, including servers, mobile base stations, security and finance software, and wind-power generators.

Among technology companies questioned about the new policy, 57% said they believed it would negatively affect their China operations in the future, while 37% said it was already having an impact—even though the regulations haven't officially taken effect.


Cold shoulder
U.S. tech firms fear China's new procurement rules will hit their business
Q: Do you feel that foreign companies are increasingly unwelcome to participate and compete in the Chinese market?
40%
35
30
25
20
December 2008
December 2009
January 2010
Q*: Do you believe that the effects of China's indigenous innovation policy will begin to negatively impact your company/increasingly impact your company in the future?
No
Yes
43%
57%
* Among high-tech and IT companies
Source: American Chamber of Commerce-China

"In just the last few months we've witnessed a growing level of concern from American tech companies as a result of the new rules and product catalogs," Amcham-China President Michael Barbalas said in written comments. Such policies "discriminate against foreign companies and narrow market opportunities."

The notice gave companies only weeks to apply, but many foreign companies balked because the application required all products to "have Chinese intellectual property and proprietary brands," and be "totally independent of overseas organization or individuals."

More than 30 industry groups representing technology concerns such as **Microsoft** Corp., **Adobe Systems** Inc. and **Cisco Systems** Inc. have complained to the government that the rules make it virtually impossible for any products copyrighted by foreign companies to qualify, and if implemented would shut the companies out of a rapidly growing market valued at billions of dollars.

It's unclear whether the rules will apply only to central government agencies, or whether they will influence purchasing by China's state-owned companies and local governments.

However, this broader push for "indigenous innovation" has already been interpreted and implemented in different ways across the country, and industry groups say that in some cases provincial-level officials have taken it upon themselves to implement their own preferential purchasing practices. That explains why some companies in the Amcham survey say their businesses are already taking a hit.

Among such companies, 32% are in the high-technology and information-technology sector. However, 30% are in manufacturing and 27% in services, demonstrating that the impact is being felt far beyond the technology sector.

At a high-level conference in Beijing, Mr. Chen, the commerce minister, warned the U.S. against politicizing the currency issue, and repeated recent comments by Prime Minister Wen Jiabao, who said the Chinese currency isn't undervalued.

A U.S. Treasury report due next month must decide whether to label China a currency manipulator, which would trigger talks between the countries followed possibly by sanctions. Asked how China would respond to such a designation, Mr. Chen said that if there were "trade sanctions or trade measures, I think we won't sit back."

Mr. Chen said that in the first two months this year, China's international trade surplus fell 50% and China "probably recorded a trade deficit in March." A transcript of his comments at the China Development Forum was posted on the Web site of the China Economic Daily.

Of those companies that feel generally unwelcome, 58% cite barriers created by the imposition of Chinese technical standards and 50% mention forced technology transfer.

Many foreign companies have invested heavily in establishing research and development operations in China and fear the new procurement policy is aimed at forcing them to share their innovations with Chinese competitors or government agencies.

Chinese officials deny the policy discriminates against foreign companies, and instead complain about protectionism in the U.S. and other countries.

—Bai Lin contributed to this article.

Rio Tinto case underlines limits of foreign power

Continued from first page
public statement, and it is even unclear where they are being held, though for a time they were known to be at a detention facility in eastern Shanghai.

Rio Tinto, which hasn't disclosed information about Mr. Hu's counsel or its legal strategy, also appears to be trying to move ahead without sharply criticizing the Chinese. On Friday, Rio and **Aluminum Corp. of China** reached a $1.35 billion deal to jointly develop a massive iron ore project called Simandou in the African nation of Guinea, a deal seen as an attempt by Rio Tinto to mend fences with Chinalco, its largest shareholder. Rio officials have generally avoided extensive statements on the case aside from expressing hopes for transparency.

Critics of that approach argue that Australia and big mining companies have become so reliant on trade with China that they can't afford to strongly condemn the proceedings. Australia avoided recession over the past year in large part because of its strong trade with China, which buys Australian iron ore and other commodities, and many Australians believe Canberra must go out of its way to maintain good relations.

"I think we should be making more of this, I think it's not just a huge deal for Australia but also for the international community and the business community in particular," says Andrew Shearer, a senior research fellow at the Lowy Institute for International Policy in Sydney. By failing to press China harder, "I think we are complicit" if Mr. Hu and the others don't get a fair trial, he says.

Senior Australian officials have so far declined to comment on their strategy in dealing with the case. Analysts say they believe Australian officials have intentionally toned down their rhetoric in the hopes that lowering tensions between the two countries would help Mr. Hu's cause.

Rio Tinto Chief Executive Tom Albanese is due to make a speech Monday in Beijing, where he is scheduled to take part in a development conference attended by senior Chinese officials.

Legal experts say observers shouldn't expect a Western-style trial. The case will be handled by a three-judge panel; there is no jury. Typically, Chinese trials lack basic elements familiar to observers of Western legal systems, including the drama of expert testimony, cross-examination by attorneys and post-proceeding briefings—and public commentary by the accused. Television coverage is typically limited to brief shots of defendants, typically dressed in prison-issue garb.

It isn't unusual for defense attorneys to not see evidence, such as witness statements, before it is introduced, or to have limited time to prepare the defense. Court transcripts are rarely available and are read as edited summaries when they are released. Witnesses rarely appear in court.

Some analysts have speculated China might be more flexible this time than usual, in part because of the international scrutiny of the case. Jerome A. Cohen, a New York University law professor and authority on China's legal system, says the case is scheduled to take longer than many Chinese criminal cases—up to three days—and there may be witnesses who appear, and potentially even an opportunity for cross-examination.

For China, "this is not your normal criminal justice case," he said, so "it's going to look fairer than usual."

"But it's really a question of optics," Mr. Cohen said.

Some parts of the proceedings will remain open. But what constitutes an open court isn't entirely clear; family members are likely to gain access and selected reporters from Chinese media may attend, but it would be highly unusual for the court to approve requests of foreign journalists to witness the proceedings.

Reuters
Rio Tinto CEO Tom Albanese in Beijing on Sunday.

Mr. Cohen and other analysts say a verdict this week is highly unlikely.

After initially expressing deep concern over the case, Australian officials have for the most part refrained from harsh comments lately. On Thursday, Prime Minister Kevin Rudd reminded China that "the world will be watching," but that statement echoed similar comments after the arrests in July, and other top officials have been even more subdued.

On Friday, Trade Minister Simon Crean was adamant that Australia's defense of Mr. Hu shouldn't interfere with the booming trade relationship with China.

Other analysts note that many Australians appear to have already accepted the likelihood of a guilty verdict and are keen to move on, reducing the pressure on Mr. Rudd and his government to take a hard line publicly.

Still, mining-sector employees privately say the industry remains deeply shocked by the arrests. The minerals salesmen were formally indicted in February on allegations of soliciting and accepting bribes from Chinese steel enterprises, apparently to ensure the mills were allocated iron ore. The indictment also alleges the four used "improper" means to obtain Chinese commercial secrets from steelmakers.

Many in the Australian mining community continue to suspect that Rio's employees were arrested as a form of payback for the company's decision to abandon a planned US$19.5 billion alliance with Chinalco in favor of a rights issue and an iron ore joint venture with BHP Billiton that China strongly opposes. Beijing has said the case is a commercial one that shouldn't be politicized.

Either way, several companies have changed the way they structure their personnel in China since the case broke, moving many sensitive and senior roles out of the country to places such as Singapore. Rio Tinto, however, this year has put a new, more senior executive into China.

One analyst said that while Rio Tinto's head office in London had toned down its comments on the affair and was focused on shoring up its ties with China, many in the Australian-based iron ore division remained deeply affected by the arrests and wanted a more strident line.

"There is a disconnect between Rio head office and the local Australian iron ore business," he said.

A spokesman for Rio Tinto said such a disconnect was "pure speculation," and declined further comment.

It's possible Australia's strategy of avoiding harsh criticism will still yield results. The Chinese court could find the executives innocent, or find them guilty but impose a light sentence.

Australia does have some leverage against China, especially in its ability to deny investments by Chinese companies in Australia's massive resources sector.

But for the most part it has declined to use this power. Although Australia has imposed restrictions on some asset purchases or limited China to minority stakes, it has continued to approve a host of major Chinese investments, including bids by Chinese companies to buy coal and other mines.

—Patrick Barta contributed to this article.

As of 4 p.m. ET **Euro** 1.3531 ▼ 0.53% **Yen/US$** ¥90.50 ▲ 0.07% **Yen/A$** ¥82.90 ▼ 0.35% **Oil** 80.68 ▼ 1.85% **Gold** 1107.40 ▼ 1.77% **10-year Treasury** ▼ 5/32 yield 3.689% **3-month Libor** 0.27750

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BUSINESS & FINANCE.

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Dividend hunt yields fatter finds

Largely ignored during market run-up, corporate payouts are beginning to make a comeback; where are the banks?

By Peter A. McKay

In the tumult of the past two years, dividends have been all but forgotten. Now they are starting to make a comeback.

So far this year, companies in the Standard & Poor's 500-stock index have announced $4.4 billion in combined net dividend increases, the best figure since the fourth quarter of 2007. Last year's first quarter was the worst in recorded history, with companies announcing $38.7 billion in dividend cuts, S&P data show.

ABREAST OF THE MARKET

The recent announcements of increased payments come as corporate balance sheets are flush with cash—a record $832.4 billion at nonfinancial companies in the S&P 500 at year's end, up by more than a third since 2008.

Hunting for dividend payers traditionally has been considered a game only for the cautious. It has largely been out of favor during the market's rebound from the bear-market lows set last March. The Dow Jones Industrial Average is up 64% over that period, including gains in 10 of the past 12 sessions. Before suffering a slight pullback Friday to 10741.98, the Dow rallied last week to its highest close since October 2008.

The gains have been largely driven by smaller stocks, those considered higher-risk or likely to be acquired. Such companies generally aren't dividend payers. In contrast, the large market stalwarts that tend to make regular quarterly payouts have been largely snubbed during the comeback.

Now that corporate profits are recovering, though, it is inevitable that investors will take a harder look at what companies are doing with their newfound riches, traders and analysts say. Shareholders are likely to demand at least some of the rising earnings be put directly into their hands.

"I think we're getting into a period of perhaps a half a decade or so where investors will be looking for more yield wherever they can get it," says David Prokupek, chief investment officer at portfolio-management firm Consumer Capital Partners in Denver. "Dividends definitely fit into that theme, especially since you're just starting to see them come back along with some of these other things."

Mr. Prokupek says his firm has been buying dividend payers like **AT&T** and **Verizon Communications** this year as a play on in-

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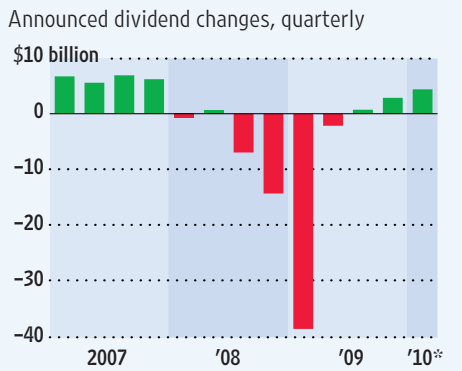
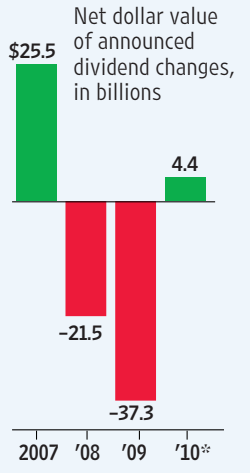
Dividend daze

The first quarter has marked the first significant uptick in announced dividend increases for S&P 500 companies since the global financial crisis.





Despite Western caution, Asia seeks free-trade pacts

[The View From Hong Kong]

By Peter Stein

East-West trade tensions are rising, and a new global free-trade agreement seems a distant dream. Yet here's the paradox: the drive for free trade within Asia, where the world's greatest concentration of economic growth now resides, has never been stronger.

Fears of rising protectionism in the West are inspiring a newfound Asian enthusiasm to promote intraregional trade. With talks for the Doha round of global trade stalled indefinitely, "we have to deal with the new normal, where politicians in the leading countries are running scared of free trade," Kishore Mahbubani, a veteran Singaporean diplomat and policy advisor said Saturday at the 20th Asian Corporate Conference in New Delhi. The Wall Street Journal Asia cohosted this year's gathering in India along with Asia Society and the Confederation of Indian Industry.

For Asia, the U.S. Congress's failure so far to pass a long-awaited free-trade deal with South Korea is emblematic of the problem. But the U.S. is keeping a horse in the race amid competing proposals for regional trade clubs. Last week, negotiators from eight nations—the U.S., Australia, Brunei, China, New Zealand, Peru, Singapore and Vietnam—held preliminary talks in Melbourne on creating an Australia-backed free-trade zone. Japan's government, meanwhile, is pushing for an "East Asian Community" and hopes to hammer out details of its proposal in coming months.

Ideas to augment the 10-member Association of South East Asian Nations, comprised of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam , come in several flavors. There's the "plus three" version, which adds South Korea, Japan and China. Then there's the "plus six" version that also includes India, Australia and New Zealand. On Saturday in New Delhi, Singapore's Senior Minister Goh Chok Tong, proposed a "plus eight" model to include the U.S. and Russia.

Bilateral free-trade agreements are sprouting like weeds. Last August, Asean signed a deal with India, and one with China came into effect in January. India also inked a deal with South Korea. Japan, South Korea and China are exploring a trilateral trade agreement, and India and China are looking at a deal of their own.

Trade within the region has been growing by leaps and

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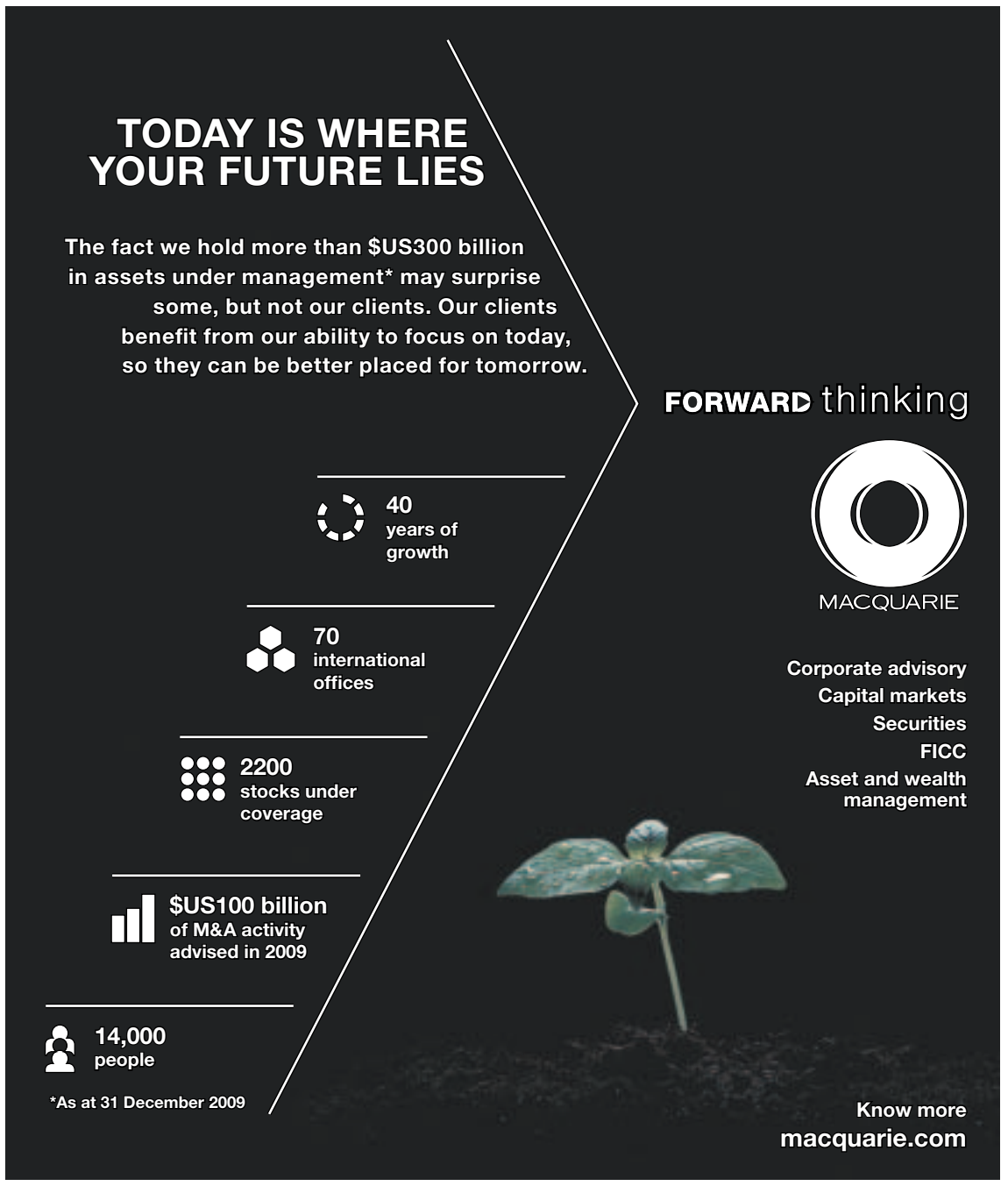
TODAY IS WHERE YOUR FUTURE LIES
The fact we hold more than $US300 billion in assets under management* may surprise some, but not our clients. Our clients benefit from our ability to focus on today, so they can be better placed for tomorrow.
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2200 stocks under coverage
$US100 billion of M&A activity advised in 2009
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China Mobile weighs deals in Asia, Africa

Expansion would be balanced with continued investment in home market even as profit growth slows on mainland

By Lorraine Luk

HONG KONG—**China Mobile** Ltd., the world's biggest mobile operator by subscribers, is looking at possible acquisitions and investments in Asia and Africa as profit growth slows at home, its chairman said Friday.

But any expansion through acquisitions would be balanced with continued investments in its home market because there is still huge growth potential in mainland China, Chairman and Chief Executive Wang Jianzhou said in an interview Friday.

China is home to more than 730 million mobile subscribers, with the country's mobile penetration rate at close to 60%. That is still pretty low compared with developed markets like Japan and South Korea where penetration rates are around 100%.

China Mobile is the biggest participant, but its profit growth has been slowing because of rising competition after a government mandated restructuring in late 2008 merged China's six telecom operators into three nationwide full-service operators, bringing in **China Telecom** Corp. into the mobile market. The mobile giant reported Thursday its net profit last year rose 2.3% to 115.20 billion yuan (US$16.88 billion) from 112.63 billion yuan a year earlier, sharply lower than the 30% growth it saw in 2008.

"Rising competition has already hurt our profitability. The company wants to look for additional growth and opportunities overseas," Mr. Wang said.

His comments suggest China Mobile is taking a more aggressive acquisition approach after the industry restructuring as it seeks to generate further growth. Its only acquisition was in 2006 when it completed the 3.38 billion Hong Kong dollar ($435.6 million) purchase of Hong Kong mobile carrier China Resources Peoples Telephone Co.

Bloomberg News

Chairman Wang Jianzhou comments suggest China Mobile is taking a more aggressive approach as it seeks growth.

China Mobile this month agreed to take a 20% stake in **Shanghai Pudong Development Bank** Co. for US$5.83 billion as it seeks to expand into mobile payment services. Last year, China Mobile also agreed to invest 17.7 billion New Taiwan dollars (US$558.1 million) in Taiwan's **Far EasTone Communications** Co. but the plan remains in limbo as the island keeps its phone-services providers off-limits to Chinese investment.

"We are still awaiting approval from the Taiwan government," said Mr. Wang. "We hope the Taiwan government will relax investment rules."

The executive cautioned that despite its hefty cash reserve—last year, the company had US$34 billion in cash—it won't chase "high-priced assets" and that is why it hasn't bid for the African assets of Kuwait's **Mobile Telecommunications** Co. or for a stake in **Nigerian Telecommunications** Ltd.

The Nigerian government is auctioning a stake in the telecom operator and China Mobile's rival, China Unicom (Hong Kong) Ltd., has said it would explore the possibility of an equity investment.

Analysts say overseas acquisitions would be the only way for China Mobile to boost its earnings growth in the near term as it takes time to generate revenue from value-added and data services.

Goldman Sachs recently raised its price target on China Mobile to HK$90 from HK$86, partly reflecting the anticipated earnings boost from company's planned investment in Shanghai Pudong Development Bank.

Mr. Wang reiterated he expects the deal to boost the firm's earnings per share by 2% once completed.

The executive also said he sees "great potential" in mobile-payment services because China Mobile has more than 500 million subscribers. He said the company is targeting 20% of its subscribers to use mobile-payment services, which will generate "substantial" additional income.

Mr. Wang said the company is also looking at investment opportunities in the mobile Internet space.

"We are confident in maintaining [revenue] growth in the coming years" he said, noting that he expects to see investments in value-added services such as music, instant messaging and mobile readers pay off.

Samsung Electronics expects robust sales growth

By Evan Ramstad

SEOUL—**Samsung Electronics** Co. Chief Executive Choi Gee-sung told shareholders on Friday the company expects revenue to increase at a double-digit rate in 2010 and operating profit to meet or exceed last year's level, rates that cautiously reaffirmed the bullish sentiment around the company.

Expectations among investors and analysts are high that Samsung will smash sales and profit records this year as all four of its main businesses—semiconductors, liquid crystal displays, cellphones and television sets—are performing well. In the process, Samsung will likely surpass **Hewlett-Packard** Co. to become the world's biggest electronics company by revenue.

In his speech to investors, Mr. Choi said the company will benefit from economic recovery in more parts of the world, particularly the U.S. and European Union, which trailed Asia in recovering from the downturn that started in 2008.

Mr. Choi said Samsung will focus on trying to create differentiated offerings in product areas—such as computer chips, cellphones and TV sets—that are relatively commoditized. He said Samsung will also "try to create a business structure that is friendly to software and contents," acknowledging an area of perceived weakness in a company that became a giant on the strength of its competence in engineering and manufacturing.

Samsung's sales are likely to rise at a double-digit rate, Mr. Choi said, though he wasn't more specific. On a consolidated accounting basis, Samsung's sales in 2009 increased 15%. On the nonconsolidated basis focused on the company's South Korean operations, required under local accounting rules, Samsung's sales increased 23% last year.

Analysts expect the company's revenue to rise in the 12% to 18% range on a consolidated basis, with computer chips and TV sets likely to be the fastest-growing segments.

Mr. Choi also said he expects the company's operating profit to exceed the 2009 level of 10.9 trillion won ($9.61 billion), based on consolidated results.

Many analysts expect Samsung's operating and net profit this year to exceed the record levels set in 2004.

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Corrections & Amplifications

Sean FitzPatrick's loans were transferred between **Anglo Irish Bank** and a building society. A Markets article in some Friday-Sunday editions incorrectly said the loans were transferred to **Irish Life & Permanent** PLC.

The record for a People's Bank of China index measuring inflation expectations in China was reached in the fourth quarter of 2007. A Wednesday World News article on the index incorrectly said its level in the fourth quarter of 2009 was a record.

Reuters

Rio Tinto's Guinea iron-ore project helps repair ties with Chinalco. Above, workers shovel iron ore at China's Yingkou port,

Chinalco sets Africa deal

Chinese miner forges $1.35 billion joint venture with Rio Tinto

By Lyndal McFarland And Iain McDonald

Rio Tinto Ltd. took a step toward repairing ties with its largest shareholder, **Aluminum Corp. of China**, or Chinalco, in a $1.35 billion deal for the miners to develop the Simandou iron-ore project in Guinea.

The deal comes at a crucial stage in Rio Tinto's relationship with China, where on Monday four Rio employees, including Australian national Stern Hu, will face trial on charges of stealing commercial secrets and taking bribes. The employees were detained in July.

Relations between Rio Tinto and Chinalco deteriorated in June after Rio Tinto walked away from a $19.5 billion alliance with Chinalco, which holds a 9.3% Rio stake, in favor of a rights issue and an iron-ore venture with Anglo-Australian resources giant **BHP Billiton**to pay down debt. Chinalco last year said the Stern Hu affair had nothing to do with the collapse of their deal.

Australia's trade minister, Simon Crean, Friday sought to separate political tensions with China over the trial from trade ties. "I think the two matters are separate," he said. "I've said this consistently, and indeed if there were links, you would have expected the trade had fallen, yet last year China became our largest trading partner."

Rio Tinto, which owns 95% of Simandou, said it will transfer its holding into a new joint venture with Chinalco, which will pay $1.35 billion for 47% of Rio's stake, or 44.65% of the entire project.

After the deal, Rio would own 50.35% of the project, while **International Finance** Corp. would retain its 5% stake.

The Guinean government holds an option to buy as much as 20%, which would proportionally reduce the effective interests of Rio Tinto, Chinalco and IFC.

Much of China's drive to secure resources for its industries has centered on iron ore, the subject of increasingly acrimonious yearly price talks between global miners and their steelmaking clients.

Tim Barker, fund manager at BT Financial, which holds Rio shares, noted that while it may have made more sense for Rio to do a Simandou deal with a large Chinese steelmaker, rather than another mining company, choosing Chinalco helps mend fences. "I think it is repairing the relationship with the Chinese but also repairing the relationship with Chinalco itself," he said.

The Australian government has taken a cautious line in its dealings with China over Mr. Hu's arrest and has continually tried to quarantine the case from Australia's trading relationship with its No. 1 customer. It has made public requests for a fair and speedy trial of its employees but hasn't entered debate on the substance of the charges.

Under the Simandou agreement, a nonbinding memorandum of understanding, Chinalco and Rio Tinto will each have three representatives on the board of directors of the joint venture, Chinalco said Friday. Rio Tinto will be in charge of the venture's operations, and Chinalco will participate in the management of the venture.

—Chuin-Wei Yap and Alex Wilson contributed to this article.

Airbus parent mulls bid for U.S. tanker

By Daniel Michaels And Geraldine Amiel

The Pentagon said Friday it was "seriously considering" extending the period for submitting bids on a $40 billion U.S. Air Force contract, as the parent of Airbus decides whether to stay in the competition.

The contest to supply a fleet of midair-refueling tankers was upended last week when **Northrop Grumman** Corp., the U.S. partner of Airbus parent **European Aeronautic Defence & Space** Co., said it wouldn't bid for the contract because it believed the terms set by the Pentagon favor rival **Boeing** Co.

EADS officials have said they would consider bidding solo if the window for filing a bid were lengthened from the current May 10 deadline and they felt confident the competition would be conducted fairly. The Defense Department, which wants a serious competition, and EADS are now assessing if extending the period would prove fruitful.

"EADS has indicated interest in possibly competing for the Air Force's KC-X tanker and asked that we extend the deadline for proposals by 90 days," said a spokesman for Defense Secretary Robert Gates. "In keeping with our long-standing commitment to a fair and open competition, we continue to welcome proposals from all qualified bidders and are right now seriously considering the extension request."

An EADS spokesman in Washington, D.C., said the company hasn't yet decided whether to bid. "Extending the timeframe is essential, but there are also other factors we must assess," said the spokesman.

The European aerospace giant, like Northrop, has complained that the Pentagon's request for a proposal as currently drafted favored the smaller, less expensive plane Boeing is offering.

EADS said in a statement that the Pentagon's overture "does not address EADS' underlying concerns that the request for proposal clearly favors a smaller, less capable aircraft, and that the additional combat capability offered by our system may not be fully valued."

Northrop's departure left Boeing as the sole bidder, triggering an outcry in Europe, notably from French President Nicolas Sarkozy, who said that "such methods by the U.S are not good for its European allies."

EADS officials said they would consider bidding solo if the window for filing a bid is extended beyond May 10.

"If they want to be heard in the fight against protectionism, they should not set the example of protectionism," Mr. Sarkozy added.

Boeing declined to comment on the possibility of EADS bidding against it.

The tanker program has been tangled in controversy since 2002, when the Pentagon planned to lease a fleet of new tankers from Boeing. That plan was revoked and in 2008, Northrop and EADS were awarded a contract to build the fleet using the Airbus A330 jetliner. Boeing successfully protested that award and the Pentagon restarted the process.

Also Friday, **United Aircraft** Corp., an aerospace conglomerate owned by the Russian government, indicated it would also bid.

—Yochi J. Dreazen and Peter Sanders contributed to this article.

GM recalls cars in South Korea

Associated Press

SEOUL—**General Motors** Co. is recalling nearly 60,000 automobiles in South Korea because of potential problems with steering wheels, fuel hoses and seats, the company's local unit and the government said on Sunday.

The recall of 58,696 vehicles will begin Monday and cover four models made in South Korea, said Kim Byeong-soo, a spokesman for GM Daewoo Auto&Technology Co., the country's third-largest auto maker.

Recalls in other countries where some vehicles were exported under the Chevrolet and Opel brands will be decided and announced later in accordance with local rules, Mr. Kim said. He said China has already announced some recalls, though he didn't immediately have details.

A total of 45,957 small sport-utility vehicles sold in South Korea as the Winstorm and Winstorm Maxx are being recalled because of the possibility that the steering wheel can become separated. The Winstorm is exported as the Chevrolet Captiva, while the Winstorm Maxx is sold overseas as the Opel Antara, Mr. Kim said.

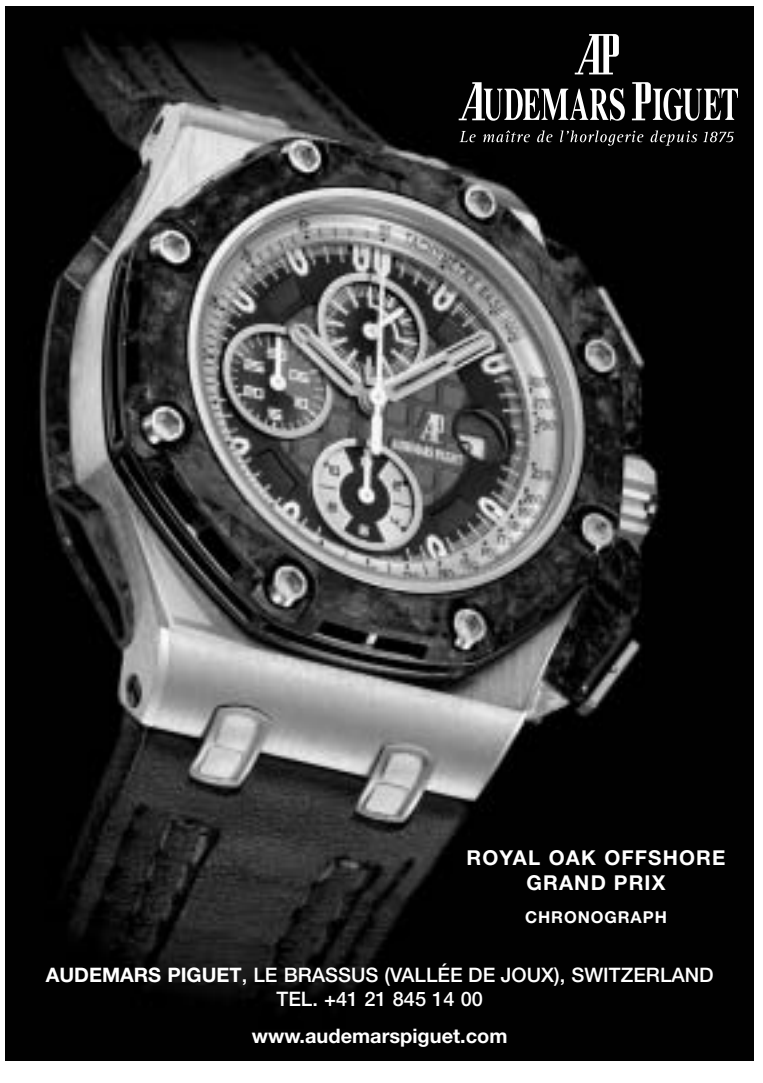
A total of 12,604 Lacetti Premiere sedans—sold overseas as the Chevrolet Cruze—are being recalled for possibly defective fuel hoses that could leak, Mr. Kim said. Also, the company is recalling 135 of its Damas model, a small commercial vehicle, over materials in seats that don't meet South Korean safety standards, he said.

Mr. Kim said no accidents have resulted from any of the problems and the decision to recall the vehicles was made by GM Daewoo.

The recalls, also announced by the Ministry of Land, Transport and Maritime Affairs, came after GM Daewoo's South Korean rival **Hyundai Motor** Co. announced recalls last month of about 47,000 vehicles for problems with door latches.

Calling in vehicles to fix defects, a common practice in the auto industry, has been in focus since late last year when Japan's **Toyota Motor** Corp. began massive recalls—eventually covering more than eight million vehicles—over brake and acceleration problems.

GM Daewoo was created in 2002 after Detroit-based GM acquired Daewoo Motor Co., the automobile unit of the **Daewoo Group**.



CORPORATE NEWS

ANA to cut jobs amid grim forecast

By Hiroyuki Kachi

TOKYO—**All Nippon Airways** Co. forecast Friday an even-deeper net loss for its fiscal year ending March 31, prompting the carrier to outline an additional cost-cutting plan that includes job losses.

Japan's second-largest airline by revenue, commonly known as ANA, expects a net loss of 65 billion yen ($717.7 million) for the current fiscal year, worse than the 28-billion-yen loss forecast in the company's previous outlook in October. The projected loss is much worse than ANA's net loss of 4.26 billion yen in the previous fiscal year.

The forecast shows how a recovery in the airline industry remains elusive, as weak passenger numbers and stiff competition take a toll on earnings.

"The recovery in domestic passenger traffic was not as strong as hoped," which kept a lid on growth in ticket prices per passenger, ANA said. Competition to improve market share has also pressured ANA's bottom line, the airline added.

In addition, the company said demand for cheaper air tickets among international travelers led to a weaker-than-expected revenue forecast from its international services. Despite the forecast, ANA remains in a less-precarious position than Japan's national carrier, **Japan Airlines** Corp., which filed for bankruptcy protection in January and is going through a government-backed turnaround process.

'The recovery in domestic passenger traffic was not as strong as hoped,' the Japanese airline says.

But the tough business environment and lower revenue forecast prompted ANA to compile cost cuts valued at 86 billion yen over the next two years, including early-retirement programs and stronger code-sharing alliances.

The company said it would reduce the number of back-office workers—staff other than pilots, cabin attendants and other flight-related operations—by 1,000 to 5,000 by the March 2011 end of the coming fiscal year.

ANA will also consolidate its seven airline-group companies into three by March 2012.

The company hopes to streamline its operations to better take advantage of capacity increases at airports in the Tokyo metropolitan area, and the long-awaited introduction of fuel-efficient Boeing 787 Dreamliners in the fiscal year beginning April 1.

ANA said it aims to swing back into the black for the fiscal year ending March 2011 with a net profit of five billion yen, an operating profit of 42 billion yen and revenue of 1.36 trillion yen.

The company also wants to boost net profit to 37 billion yen in the following fiscal year.

For this fiscal year, ANA lowered its revenue outlook to 1.22 trillion yen from 1.26 trillion yen.

The company now estimates an operating loss of 61 billion yen for this fiscal year, deeper than a loss of 20 billion yen previously foreseen.

ANA's earnings are based on Japanese accounting standards.

Legal Notices

NOTICE OF SALE

NOTICE IS HEREBY GIVEN that, pursuant to: (a) Section 9-610 of the Uniform Commercial Code ("UCC") as adopted in the State of New York and (b) the agreements known respectively as: (i) In-the-Money Call Option Transaction, entered into between Archimedes Holdings, LLC ("Company") and KBC Financial Products (Cayman Islands) Ltd. ("Secured Party") pursuant to a confirmation dated as of April 11, 2008 ("ITM Option"); (ii) Zero Strike Call Option Transaction, entered into between Secured Party and Company pursuant to a confirmation dated as of April 11, 2008 ("Zero Strike Option"); (iii) Facility Agreement, dated as of April 11, 2008 ("Facility Agreement"), by and among Secured Party and Company; and (iv) the other Transaction Documents (as defined in the Facility Agreement), the Secured Party will offer for sale to the public (the "Auction") right, title and interest of in and to certain collateral for the Company's obligations under the ITM Option, the Zero Strike Option, the Facility Agreement and the other Transaction Documents, including: (1) a portfolio of interests in 111 life settlement policies (the "Lancier Policies") owned by the Company; (2) 16.5% Senior Secured Notes issued by Olive Tree Holdings, LLC pursuant to the Note Purchase Agreement dated as of November 7, 2007 (the "Olive Tree Notes") and secured by, among other assets, a portfolio of interests in 47 life settlement policies; (3) 16% Senior Secured Notes issued by XLI Holdings LLC pursuant to the Note Purchase Agreement dated as of June 15, 2007 (the "XLI Notes") and secured by, among other assets, a portfolio of interests in 37 life settlement policies; (4) 16% Senior Secured Notes issued by Cristol Holdings, LLC pursuant to the Note Purchase Agreement dated as of June 14, 2007 (the "Cristol Notes") and secured by, among other assets, a portfolio of interests in 41 life settlement policies; (5) Senior Secured Notes issued by XE L.I.F.E., LLC pursuant to the Note Purchase Agreement dated as of October 1, 2004 (the "XE L.I.F.E. Notes") and secured by, among other assets, an interest in one life settlement policy and; (6) 15% Senior Secured Notes issued by Lancier Group, LLC pursuant to the Note Purchase Agreement dated as of August 20, 2007 (the "Lancier Notes," together with the Olive Tree Notes, the XLI Notes, the Cristol Notes and the XE L.I.F.E. Notes, the "Notes," and the Notes together with the Lancier Policies, the "Assets," each of the groups of Assets described in (1) through (6), a "Tranche").

The Assets are being sold on an "**AS IS WHERE IS**" basis pursuant to the following terms and conditions.

TIMING/LOCATION OF THE AUCTION

Date and Time of Sale: April 28, 2010, 11:00 a.m. EST
Location of Sale: Orrick, Herrington & Sutcliffe LLP
51 West 52nd Street, New York, New York 10019

TERMS AND CONDITIONS OF THE AUCTION

1. The Assets will be offered for sale in the six Tranches described in (1) through (6) above. The successful bidder on a Tranche at the Auction must be prepared to purchase all of the Assets in such Tranche. The participants at the Auction will also have the opportunity to submit a bid for all of the Assets. The Assets in each Tranche will be sold to the bidder that makes the highest and best bid for such Tranche at the Auction, or, if a bidder submits a bid for all of the Assets that is greater than the sum of bids for each Tranche, to such bidder. The Secured Party reserves the right to reallocate the Tranches or create additional Tranches from the Assets.

2. Subject to executing confidentiality agreements as the Secured Party, in its sole discretion, deems appropriate, parties interested in bidding at the Auction may obtain additional information and detail concerning the Assets by contacting Freeman & Co. LLC as provided below.

3. To participate in the Auction, the Secured Party requests that interested parties submit an indication of interest to Freeman & Co. LLC (at the address below) by April 15, 2010. After receiving indications of interest, Freeman & Co. LLC will contact parties to request an initial deposit, which shall be equal to $1,000,000 for the Lancier Policies, $100,000 for each of the Lancier Notes, the Olive Tree Notes and the XLI Notes and $10,000 for each of the XE L.I.F.E. Notes and the Cristol Notes (the "Initial Deposit") and shall be held in escrow with a third-party nationally recognized escrow agent. If a bidder withdraws prior to the Auction, the Initial Deposit will be returned. If a bidder submits a Winning Bid, but does not provide the required Deposit or the Balance (as described below) the Initial Deposit shall be forfeited.

4. The Assets are being sold on an "**AS IS WHERE IS**" basis, without recourse, warranty or guaranty, whether express or implied. The Secured Party does not and will not make any representations or warranties with respect to the Assets, and the sale of the Assets is specifically subject to all taxes, liens (other than those of the Secured Party), claims, assessments, liabilities and encumbrances, if any, that may exist against the Assets under the UCC or other applicable law. Without limiting the generality of the foregoing, the Secured Party expressly disclaims all representations or warranties relating to the origination of any policy, the presence of insurable interest under any policy, the death benefits under any policy, the enforceability of the Notes, the condition of title to, the completeness or accuracy of any description of, or any other rights, liabilities or obligations that may accompany any of the Assets.

5. In order to participate in the Auction, each potential bidder must be physically present at the Auction and demonstrate to the satisfaction of the Secured Party that each such bidder has the financial means to close on any bid made at the Auction. The Secured Party reserves the right to reject any bid or all bids at the Auction, to announce such other terms at the Auction as may be commercially reasonable in the Secured Party's discretion or to accept nonconforming bids. Further, the Secured Party reserves the right to cancel, postpone or adjourn the Auction by announcement made at the Auction, either before or after the commencement of bidding, without written notice or further publication. The Secured Party reserves the right to credit bid any portion of its secured indebtedness then outstanding at the Auction for the Assets, either directly or through its designee/assignee. The Secured Party reserves the right to implement such other terms or conditions at the Auction or regarding the Auction procedures as the Secured Party, in its sole discretion, determines to be commercially reasonable under the circumstances.

6. The Secured Party will determine the highest and best bid made at the Auction for each Tranche of Assets or all of the Assets (each, a "Winning Bid"). The Secured Party reserves the right to select the second highest and best bid at the Auction as a back-up bidder for each Tranche of Assets or all of the Assets (the "Back-up Bidder"). Unless the Winning Bid is made by the Secured Party or its designee/assignee via credit bid, the party submitting such Winning Bid (the "Successful Bidder") must provide, at the Auction, a cashier's, bank or certified check made payable to the Secured Party in the amount of not less than 25% of the Winning Bid (the "Deposit"). The Successful Bidder shall deliver the balance of the Winning Bid (the "Balance") by wire transfer or certified funds within twenty-four hours of the conclusion of the Auction (the "Payment Deadline"). If the Successful Bidder fails to pay the Balance by the Payment Deadline, the Deposit and the Initial Deposit will be forfeited to the Secured Party as liquidated damages. Following such default, the Secured Party may sell the Assets to the respective Back-up Bidder(s), if any, without further notice.

7. Upon indefeasible payment in full of the Winning Bid by the Successful Bidder, the Secured Party will cause to be delivered to such Successful Bidder or its designees bills of sale covering all of the Assets.

REQUEST FOR FURTHER INFORMATION

All inquiries concerning this Notice of Sale and the terms and conditions of the sale should be made to: Raniero D'Aversa, Jr., Orrick, Herrington & Sutcliffe LLP, (telephone: (212) 506-3715) (email: rdaversa@orrick.com) and Gagan Sawhney, Freeman & Co. LLC, 645 Fifth Avenue, 9th Floor, New York, NY 10022 (telephone: (212) 830-6161) (email: gsawhney@freeman-co.com). The Secured Party reserves the right to require any person making such request to: (i) disclose the person or entity on whose behalf such information is being sought and (ii) maintain the confidentiality of the information provided.

BA strike enters second day

By Michael Carolan

LONDON—**British Airways** PLC cabin crews walked off the job for a second day Sunday, as the union representing the striking workers called on management to reopen negotiations and avoid further disruption.

"I will be appealing to British Airways at board level to take matters in hand and restart negotiations to reach an agreement which would allow the strike scheduled for next weekend to be averted," Tony Woodley, joint general secretary of cabin crew union Unite, said in a letter to members Sunday.

The appeal came on the second day of the three-day strike.

The weekend's industrial action was the first strike by BA cabin crew in 13 years. A four-day strike is planned to begin Saturday.

The company said Sunday it had been able to reinstate some flights at Britain's Heathrow and Gatwick airports as crew members continued to break the strike. Eight long-distance flights and 36 short-distance had been reinstated, a BA spokeswoman said, after 52% of the company's cabin crew reported to work at Heathrow airport.

A Unite spokeswoman disputed BA's claims that large numbers of cabin crew were breaking the strike, saying just nine crew members had turned up for work Sunday out of 1,100. She said buses laid on by BA to transport strikebreakers to airports sat idle and that 49 flights left Heathrow airport this weekend with no passengers.

Unite's Mr. Woodley appealed to the strike breakers to think again and return to join the dispute.

BA confirmed that some aircraft were flying empty from Heathrow but said that move was necessary to keep pilot rosters in place and that the planes would return full.

BA said its contingency plans continued to work well.

Last-minute talks between Mr. Woodley and BA Chief Executive Willie Walsh broke down late Friday. The airline and workers are locked in a dispute over a pay freeze and changing working conditions.

BA says the changes—including a pay freeze this year, a switch to part-time work for 3,000 staff and a reduction in cabin crew sizes to 14 from 15 on long-distance flights from Heathrow airport in London—are critical for its survival.

European Pressphoto Agency

Passengers waited at London's Heathrow Airport on Saturday.

Asia keeps free trade on the front burner

Continued from page 17

bounds. In the five years between 2002 and 2006, trade among the 10 Asean members more than doubled to $188 billion; trade between China and Asean tripled to $192 billion, according to data Mr. Mahbubani cited.

However, a significant portion involved components for goods ultimately destined for export to the U.S. and Europe, highlighting the limits to any aspirations of Asian regional self-reliance. Political tensions within the region also pose serious obstacles to trade growth: While trade between India and China jumped from $15 billion in 2005 to $41 billion in 2009, that's a paltry figure considering the size of their two economies. Suspicion between the two giants dating back to a bitterly fought 1962 border war hasn't been helped by China's concern that the U.S. is courting New Delhi as a hedge against China's military ambitions.

The perpetual war-footing between India and Pakistan is one reason India's trade with its South Asian neighbors remains paltry, although smuggling and trade routed through third countries belies the official data. C. Raja Mohan, an Indian author and political commentator speaking at the conference, recalled the days of the Raj that brought together much of South Asia under British rule.

"The Raj created this whole region into a single market," Mr. Mohan said. "We need a policy initiative from the Indian side which takes the leadership to open its markets unilaterally."

Other optimistic visions of ways to promote regional trade included a suggestion by Victor Zhikai Gao, director of the China National Association of International Studies, that China extend a high-speed rail network connecting Beijing with Tibet across the Himalayan border into India. "This would be a major breakthrough," enthused Mr. Gao, and "would really increase the exchange of people, goods and eventually ideas between these two countries." Of course, critics of the railway's environmental impact and China's controversial policies toward its Tibetan population probably wouldn't be too thrilled.

If the conversation in New Delhi seemed utopian at points, there was still a firmly grounded message that most of those involved would agree on, enunciated by Mr. Mahbubani: All efforts to promote free trade within the region, however flawed, were still "the sensible answer to the imperfect world we live in."

Dai-ichi sees strong IPO demand

Japanese households seized chance to buy into the major insurer; a bumper year for listings

By Alison Tudor And Ayai Tomisawa

TOKYO—**Dai-ichi Mutual Life Insurance** Co.'s initial public offering, expected to be the largest global IPO in two years, was oversubscribed, as Japanese households jumped at the chance to buy a piece of one of the country's best-known insurers, people familiar with the matter said Friday.

While demand among institutional investors was less brisk in an offering that could be worth more than $17 billion, market watchers said the strong retail showing could provide a fresh investor base for other firms considering going public to tap into, in what is shaping up to be a bumper year for Japanese IPOs.

In Tokyo's next major listing, drug maker **Otsuka Holdings** Co. is expected to come to market in the second half of the year. That could be valued at more than $10 billion.

There have been five completed IPOs this year, according to data provider Dealogic, and bankers say there will likely be 30 to 40 before the year is over, compared with just 20 last year. A combination of the Tokyo stock market's recent recovery, the Bank of Japan's monetary easing and high hopes for a recovery in Japanese corporate earnings are luring companies seeking to raise funds.

Book-building for Dai-ichi Mutual's offering, set to be the biggest IPO since Visa Inc.'s $19.7 billion IPO in March 2008, closed Thursday. Pricing is still being finalized ahead of a formal announcement Tuesday, according to people familiar with the matter. But with a tentative range set earlier this month at 125,000 yen to 155,000 yen ($1,383 to $1,715) per share, the offer could raise as much as 1.55 trillion yen ($17.2 billion).

One banker familiar with the offering said he expected the stock to price between 140,000 yen and 145,000 yen.

Bloomberg News

Dai-ichi Mutual Life Insurance could raise as much as $17.2 billion from its IPO. Above, the firm's headquarters in Tokyo.

The retail tranche of Dai-ichi's IPO was said to be four-to-five times oversubscribed. The tranche for institutional investors was one-to-two times oversubscribed, according to the people familiar with the matter.

Dai-ichi Mutual officials declined to comment.

Bankers in Tokyo said the news was positive for the Japanese stock market and future IPOs, as it has increased the number of active investors, with many opening accounts with brokers for the first time to participate. One banker said investors haven't been this enthusiastic over an offering since cellphone company NTT DoCoMo Inc.'s 2.1 trillion yen IPO in 1998.

Bankers were divided on where they expected the offering's final price to fall. Some saw the price at the top end of the range, reflecting the over-subscription levels. Others placed it smack in the middle of the range, saying Dai-ichi will be keen to ensure buoyant trading once shares list April 1.

Korea Life Insurance Co. ensured an upbeat first day of trading on Wednesday by pricing its share offer below expectations to pique investors' interest ahead of Dai-ichi's IPO, and rival **Samsung Life Insurance** Co.'s planned $4 billion IPO in May.

Dai-ichi needs to work hard to keep investors interested, as many fund managers are concerned that the stodgy domestic life-insurance sector doesn't hold exciting growth prospects. The Japanese life-insurance business as a whole is expected to struggle in a market that is shrinking as the population ages.

DBS taps Peter Seah as next chairman

By Sam Holmes

SINGAPORE—**DBS Group Holdings** Ltd., Southeast Asia's largest bank by assets, continued a shift in leadership that began last year, announcing Friday that Koh Boon Hwee will step down as chairman and be succeeded by board member Peter Seah on May 1.

"[Mr.] Koh steered DBS during a tumultuous time for the global financial industry" and the change in leadership is being made at a time when the economy is turning," DBS said.

Mr. Koh will step down as chairman after the bank's annual meetings April 30. He was appointed to the board in 2005 and assumed the role of chairman in January 2006.

For Mr. Seah, the role marks a return to the banking industry. The ex-chief executive of the former Overseas Union Bank was appointed to the board in November and previously helped Singapore sovereign-wealth fund **Temasek Holdings** (Pte) Ltd. implement its financial-services strategy. He also holds chairman posts at **SembCorp Industries** Ltd. and **Singapore Technologies Engineering** Ltd. and is deputy chairman of **CapitaLand** Ltd.

"The world has just experienced its worst financial crisis since the Great Depression," Mr. Seah said in a statement. "However, DBS has emerged as one of the few well-capitalized banks with a strong balance sheet, and this will offer the bank tremendous opportunities in Singapore and the region."

"I am committed to building on the good work that Boon Hwee has done, and working with the board to make DBS the undisputed leader in Asian banking," he said.

DBS has undergone significant leadership change in the past year, with former Citigroup Inc. Southeast Asia head Piyush Gupta taking the reins as the bank's chief executive in November, following the death of his predecessor Richard Stanley in April.

"Our new CEO Piyush Gupta is on board and settling in very well, and with Peter Seah agreeing to be chairman of the DBS boards, I am now able to move on, knowing that DBS is in good hands," Mr. Koh said in a statement.

An analyst at a foreign brokerage firm said Mr. Seah "will have some influence, but at the end of the day I think it's the new CEO who will be responsible for everything."

Greenberg to sell some AIG shares to UBS unit for $278 million

By Aparajita Saha-Bubna

Maurice R. "Hank" Greenberg, the former head of **American International Group** Inc., agreed to sell shares he holds in the insurer to a **UBS** AG unit for $278 million.

In a securities filing Friday, **Starr International** Co., Mr. Greenberg's investment vehicle, said it would sell as many as 10 million AIG shares to UBS Securities LLC. The deal is split into four parts of 2.5 million shares each.

The structure, known as a variable prepaid forward sale, is designed to help Mr. Greenberg limit his exposure to volatility in AIG's share price. Shares of the company, 80%-owned by the U.S. government, closed Friday at $34.80, up 0.5%.

Variable prepaid forward sales are often made between an executive and a brokerage firm. Under the structure, the executive agrees to deliver a number of shares to the brokerage in the future in exchange for cash up front. Those payments can equal between 75% and 90% of the shares' value when the deal was struck.

If the share price falls during the contractual period, the brokerage absorbs the loss. If it rises, the executive shares in the gains up to a specified point. Either way, the executive locks in value, minimizes losses and retains a shot at some gains. The executive also maintains voting rights for a time.

Two of Starr's lawyers weren't available to comment on the deal. A UBS spokesman declined to comment.

Such deals often are split up because they may involve a large number of shares that have the potential of impacting the market, said Mark Leeds, a lawyer familiar with these financial products. UBS is one of Mr. Leeds's clients, but he wasn't involved in the deal with Mr. Greenberg.

Under the terms of the agreement, Starr shoulders no risk if the shares fall below $31.22 and will receive additional payments only to $46.83 per share. UBS will pocket gains if the shares trade above $46.83.

BofA's chief heads to China to talk business

By Dan Fitzpatrick

Bank of America Corp. Chief Executive Brian Moynihan is making his first trip to China this week as the Charlotte, N.C., lender pushes to catch up with rivals in the world's fastest-growing economy, according to people familiar with the situation.

The company's board recently approved a plan to seek local incorporation in China after months of discussions and delays. If granted, the local license would allow the largest U.S. bank by assets to expand its offerings in China.

Bank of America wants to do more commercial and corporate banking in China, in contrast to its retail-banking strength in the U.S. market.

Several competitors have joint-venture arrangements allowing them to underwrite stock sales in China. **J.P. Morgan Chase** & Co. is close to such an agreement with a Chinese company.

The visit by Mr. Moynihan, who became CEO at the start of this year, includes stops elsewhere in Asia and comes amid a transition in the bank's relationship with **China Construction Bank**, in which it holds a minority stake.

New CEO Brian Moynihan visited the World Economic Forum this year. The former CEO never attended it.

Longtime Bank of America executive Gregory Curl, who is leaving the company at the end of the month, intends to give up his board seat at CCB, though the exact timing hasn't been determined, said people familiar with the situation.

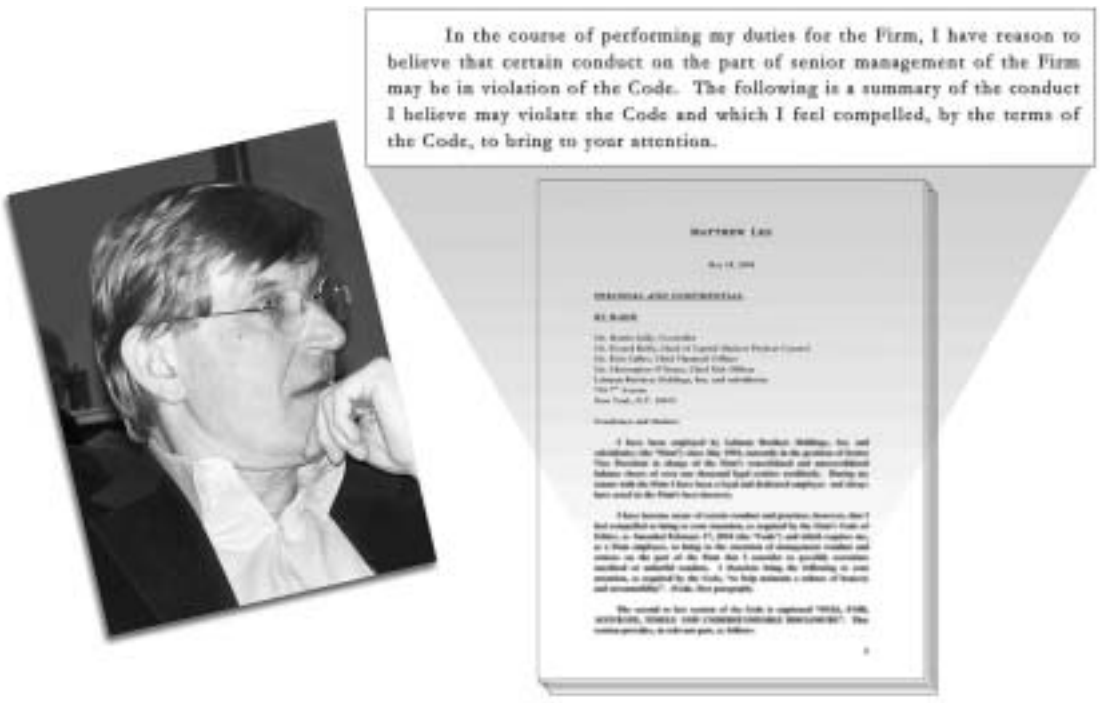
CCB officials had developed a close relationship with Mr. Curl and former CEO Kenneth Lewis, who announced his retirement only weeks after a trip to China last September.

A CCB spokesman said he wasn't aware if Mr. Curl was leaving as a director.

Mr. Moynihan's trip is the latest of several overseas visits since he was became chief executive. He traveled to the World Economic Forum in Davos, Switzerland, an event Mr. Lewis never attended, and met with European banking regulators. Earlier this month, Mr. Moynihan went to London, his second trip there, and also has been to Paris recently.

The bank is trying to pump up its foreign operations to offset slower growth in the U.S.

—Dinny McMahon contributed to this article.


In the course of performing my duties for the Firm, I have reason to believe that certain conduct on the part of senior management of the Firm may be in violation of the Code. The following is a summary of the conduct I believe may violate the Code and which I feel compelled, by the terms of the Code, to bring to your attention.

Matthew Lee's complaints echo those of investors and analysts at the time, who questioned whether Lehman Brothers was delaying write-downs to avoid potentially crippling losses.

Insider warned Lehman

Top executives were told firm misled investors; problems in Mumbai

By Michael Corkery

Matthew Lee, a **Lehman Brothers Holdings** Inc. senior vice president, warned in a May 2008 letter that he believed "senior management" may have violated Lehman's internal code of ethics by misleading investors and regulators about the true value of the firm's assets.

Mr. Lee addressed his letter to then-Chief Financial Officer Erin Callan and Chief Risk Officer Chris O'Meara, among others, only days before he was ousted from the firm. Portions of the letter were excerpted in the U.S. Bankruptcy Court examiner's report on Lehman released last week. A full version of the letter was reviewed Friday by The Wall Street Journal. Ms. Callan didn't return a phone call seeking comment.

Mr. Lee's complaints echo those of many investors and analysts at the time, who questioned whether Lehman was delaying write-downs to avoid potentially crippling losses. Mr. Lee, a 14-year veteran who headed the firm's global balance-sheet and legal-entity accounting, said Lehman had "tens of billions of dollars of unsubstantiated balances, which may or may not be 'bad,' or nonperforming assets."

"I believe the manner in which the Firm is reporting [certain] assets is potentially misleading to the public and various governmental agencies," Mr. Lee wrote.

On Friday, U.S. Senate Banking Committee Chairman Christopher Dodd (D., Conn.) asked the Justice Department to investigate alleged accounting manipulations that took place at Lehman and that were detailed in the 2,200-page examiner's report.

In the May 18, 2008, letter, Mr. Lee criticized the accounting controls in Lehman's Mumbai office. "There is a very real possibility of a potential misstatement of material facts being efficiently distributed by that office," Mr. Lee wrote.

At the time, one India investment was drawing scrutiny from Lehman critics, including David Einhorn of hedge fund **Greenlight Capital** Inc. Mr. Einhorn questioned why the Wall Street firm had written up the value of a power plant there, known as KSK Energy Ventures, during the first quarter of 2008. In a speech to investors on May 21, Mr. Einhorn, who was betting that Lehman's stock would decline, said the firm had booked a $400 million to $600 million gain in the first quarter by writing up the value of KSK Energy.

Hiroko Masuike/WpN for The Wall Street Journal

Erin Callan, Lehman's chief financial officer when Mr. Lee wrote his letter.

Lehman said in the spring of 2008 that it booked the gains because an investor had invested in the venture at a higher valuation than Lehman's investment.

In his May 21 speech, Mr. Einhorn said Lehman later said it valued KSK based on its "expected" pre-IPO financing, as well as other factors.

Mr. Lee's lawyer, Erwin Shustak, of San Diego, said his client had complained orally for several months to his boss, Martin Kelly, Lehman's former global financial controller, about many of the same issues he raised "formally" in his letter. Mr. Kelly declined to comment, through a spokesman at **Barclays** PLC, where he now works.

According to the examiner's report, Mr. Kelly had raised concerns to top executives about the firm's accounting tactic, known as "Repo 105," which temporarily moved billions of dollars off its balance sheet, according to the examiner's report. The Lehman bankruptcy estate declined to comment.

Mr. Shustak said his client was demoted about two months before he wrote the letter, which was drafted with help from the attorney. Mr. Lee was terminated a few days after he wrote the letter.

Lehman's auditors, **Ernst & Young** LLP, referred to the document as a "whistleblower letter" that was "pretty ugly," according to the examiner's report. In a statement, Ernst & Young said Lehman management determined that Mr. Lee's "allegations were unfounded."

"Mr. Lee believes he has been the victim of retaliation for bringing what he believed, in good faith, to have been ethical and securities law violations by Lehman to Lehman management's attention," Mr. Shustak wrote in a letter to Jack Johnson, a former member of the general counsel's staff, that was reviewed by The Wall Street Journal.

After being terminated in May, Mr. Lee was asked to return to Lehman on June 12 to be interviewed by Ernst & Young auditors about his complaints, his lawyer said. That is when Mr. Lee brought up his concerns about Lehman's use of Repo 105.

Mr. Shustak also wrote that Mr. Lee, who is now 56 years old, was considering filing a discrimination complaint because he was the "victim of age discrimination in what appears to be a company-wide decision to replace more senior, higher-paid employees, such as Mr. Lee, all over the age of forty years of age, with younger, less experienced and less expensive employees."

The letter added: "At time same time, Mr. Lee would prefer to resolve his dispute with Lehman amicably."

Mr. Lee and Lehman ultimately negotiated a severance agreement, which his lawyer said precluded him from filing a lawsuit or a whistleblower complaint under the Sarbanes-Oxley Act.

—Peter Eavis contributed to this article.

Dividends start comeback

Continued from page 17

creased corporate payouts, since each boasts a dividend yields above 6%. He also is betting on several exchange-traded funds tracking the utilities sector, which historically offers a steady dividend stream.

One encouraging sign: Last week, **General Electric**'s chief financial officer said that the conglomerate might begin raising its dividend again in 2011. The news, which came a little more than a year after GE announced its first dividend cut since 1938, helped drive up GE shares by 6% for the week.

To be sure, total dividend payments are still relatively low compared to a year ago, since many companies' earlier cutbacks are still in effect. Actual payouts in the first quarter are projected to decline about 16% from a year earlier, according to S&P data. But analysts say hints of increases to come—just like GE's reassuring comments last week—suggest that the pendulum is swinging in the right direction for dividend-starved investors.

S&P analyst Howard Silverblatt says he expects a surge in dividend increases in the third quarter as the economy improves. In all, 2010 will probably see a 5.6% increase in dividend payments among S&P 500 companies, Mr. Silverblatt estimates. That would be a big reversal from 2009's record decline of $52 billion in dividends, or 21%, to $196 billion.

In the current quarter, 77 companies in the S&P 500 have announced dividend increases, compared with just two that cut their payouts, according to S&P. **Valero** slashed its dividend by 75%, and **Tesoro** suspended its dividend altogether. Both companies are refiners that have been squeezed by higher oil prices and weak demand for finished fuels.

The fuel behind increased dividends comes from the recent rebound in corporate profits, which in turn are being helped by greater efficiencies that companies instituted during the worst days of the financial crisis. S&P 500 companies tripled their per-share earnings in the fourth quarter compared with the same period a year ago, near the worst of the financial crisis. For the first quarter ending March 31, S&P 500 companies are expected to report a combined 36% rise in per-share profit, according to Thomson Reuters. Revenue is expected to rise about 10%.

After the massive cost-cutting by corporate America, many traders expect the market will enjoy solid "earnings leverage," or outsized benefits from any uptick in sales, which should go straight to the bottom line. For now, analysts surveyed by Thomson Reuters are calling for overall S&P 500 profits to surge by about 20% to 35% every quarter this year, aided by growth of 6% to 10% in sales each quarter. Those forecasts are subject to big revisions.

Still, analysts and money managers warn of pitfalls that could disrupt a dividend bonanza. Mr. Prokupek points to the health-care legislation taking shape in Washington, which likely will raise taxes on dividends but keep their advantage over interest payments.

Michael Thompson, a managing director at S&P, says he is skeptical that dividend yields, or payments relative to share prices, are sufficiently out of whack with bond yields to encourage executives to compete for investor attention by raising their payouts.

The S&P's dividend yield, based on total payments in 2009, was about 2%, while the benchmark Treasury note now stands at 3.693%. But if profits grow as fast as Wall Street expects during the next few quarters, the gap could close quickly, especially now that the Federal Reserve has pledged not to raise interest rates anytime soon.

"There's no question a lot of the big guys are increasing dividends right now," says Mr. Thompson. "But I also think it's true that if they see something else that will make a good use for their cash, especially M&A, they'll go after that."

Perhaps the biggest question hanging over dividends: When will financial companies rev them back up? The crisis led to huge cuts, and regulators are reluctant to allow increases given the pile of bad loans still haunting most banks.

Bank of America Chief Executive Brian Moynihan recently said the giant bank remains cautious even though the worst of the crisis is receding, hardly an encouraging sign about dividends. In February, **J.P. Morgan Chase** James Dimon said the bank won't raise its dividend until it is sure the business environment has improved.

Mr. Silverblatt thinks increases in dividends by banks could be several quarters away. Even then, per-share dividend payments are likely to be smaller than they were before the crisis at banks that issued piles of shares to help repay U.S. aid.

Bharti Airtel lines up financing to purchase Zain African assets

By Romit Guha

MUMBAI—Indian telecommunications operator **Bharti Airtel** Ltd. said Sunday it has tied up $8.3 billion in funding to buy most of the African assets of Kuwait's **Mobile Telecommunications** Co., or Zain.

Bharti Airtel, India's largest mobile-phone operator by subscribers, is in exclusive talks until Thursday with Zain to buy most of the company's African assets, excluding Morocco and Sudan.

The deal, estimated to be about $9 billion in cash, is Bharti Airtel's latest attempt to enter a fast-growing overseas market amid intense competition and price wars at home.

Standard Chartered PLC is the lead arranger and adviser for $7.5 billion in financing, with **Barclays Bank** PLC as a joint lead adviser, Bharti Airtel said. Other co-arrangers and advisers include **State Bank of India Group**, **Australia and New Zealand Banking Group** Ltd., **BNP Paribas** SA, **Bank of America** Corp., Credit Agricole CIB, **DBS Bank**, **HSBC Holdings** PLC, **Bank of Tokyo-Mitsubishi** UFJ and **Sumitomo Mitsui Banking** Corp., Bharti said.

Bharti Airtel said that in addition to the U.S. dollar financing, State Bank of India Group has committed as much as $1 billion in rupee terms.

The $8.3 billion that has been secured will be the first installment that needs to be paid by Bharti Airtel once the Zain deal is finalized, Bharti Airtel said. The company said in February it needs to pay the balance of $700 million a year after the conclusion of the transaction.

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DEADLINE EXTENDED APRIL 9

Exporters lift Tokyo; Chalco soars in China

By Shri Navaratnam

Exporters underpinned the Japanese market on the yen's retreat, while **Aluminum Corp. of China** surged on its deal with mining giant **Rio Tinto.**

The Nikkei Stock Average of 225 companies rose 0.8% to 10824.72, just off its intraday high, regaining most of Thursday's decline. For the week, the Nikkei rose 0.7%.

ASIAN-PACIFIC STOCKS

Japanese markets will be closed Monday for Vernal Equinox Day.

Among exporters, **Sony**'s 2.6% gain was its 13th in the past 16 sessions. **Honda Motor** rose 1.9% and **Toyota Motor** added 2%.

An annual land-price survey added pushed down real-estate stocks 1.4% after the previous day's 2.6% decline. **Mitsui Fudosan** lost 1.8% and **Mitsubishi Estate** slid 2.2%.

In Shanghai, Aluminum Corp. of China, or Chalco, surged by the day's 10% limit, after its parent Chinalco signed a $1.35 billion deal with mining giant **Rio Tinto**. Chalco's Class H shares gained 3.3% in Hong Kong, while Rio declined 1% in Sydney.

Also in Sydney, energy-sector shares jumped as **Arrow Energy** went into a trading halt early in the session amid speculation of a higher bid for the group from the Royal Dutch Shell and **PetroChina** consortium.

Inflation is dead? Viva long-dated Treasurys

By Michael Casey

The Treasury Department is selling $118 billion in debt this week, just as Congress tackled a $940 billion health-care bill over the weekend, shining the spotlight on the U.S.'s hefty fiscal commitments.

Budget-deficit and debt levels are forecast to worsen: Total deficits including interest costs are set to remain above $1 trillion in the next decade, according to Barclays Capital. But longer-dated U.S. government debt is as popular as ever, even at the measly 3.689% and 4.580% yields that 10- and 30-year Treasurys are paying, respectively.

U.S. CREDIT MARKETS

That popularity is supported by a single fact: Inflation is dead.

Data last week showed the core consumer-price index, which strips out volatile food and energy prices, rose just 0.1% in February and a mere 1.3% from a year earlier.

Inflation expectations, measured by the gap between the yields on 10-year nominal Treasurys and Treasury inflation-protected securities, or TIPS, have moderated; the yield gap has shrunk to 2.20 percentage points from a peak of 2.45 points in January.

The absence of inflation risks removes a threat that investors' long-term Treasury returns will be corroded by rising prices.

"The inflation number that we saw [last] week was a very favorable one for the bond market," said Kevin Giddis, head of fixed-income sales, trading and research at Morgan Keegan in Memphis, Tenn.

Amid a tepid and mostly jobless recovery and with the Federal Reserve concerned about considerable "slack" in the economy, weak inflation also eases Treasurys investors' fears that the Fed might raise its benchmark federal-funds rate from near-zero levels any time soon. Last week's policy statement from the central bank's Federal Open Market Committee reiterated that rates would stay at extraordinarily low levels "for an extended period."

Add to this continued concerns over sovereign debt in Europe, as crisis-ridden Greece struggles to organize a bailout, and there are many reasons for investors to turn a blind eye to a fiscal deficit equaling about 10% of gross domestic product and buy Treasurys.

"There has been a complete sea change" in the prevailing market view, said Joe Balestrino, fixed-income market strategist at Federated Investment Management Co. Whereas previously, the recovery was seen generating inflation and monetary tightening, "all of a sudden, the near-term data are saying that the Fed isn't going to tighten, inflation is dead, and we can all live with the fact that long-dated Treasurys are the place to be."

The same preference is seen among foreign central banks.

Deutsche Bank senior economist Torsten Slok said data from the Treasury International Capital System show that foreign investors—mostly central banks—bought $500 billion in long-term Treasury securities in the 12 months to Jan. 31, compared with less than $100 billion in short-term Treasury bills. By comparison, in the first half of 2009, the 12-month running total for foreign central banks' Treasury-bill buying reached almost $400 billion, while their bond purchases were below $200 billion.

This reversal bodes well for this week's auction of middle-of-the-curve notes, although central banks' biggest purchases will likely be reserved for the 10- and 30-year auctions in early April. This week, the Treasury will sell $44 billion in two-year notes, $42 billion in five-year notes and $32 billion in seven-year securities.

FUND SCORECARD

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Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
2	**Henderson Horizon Pan Eurp Smlr Coms A2**	Henderson Global Investors Ltd.	EUR	Luxembrg	**3.30**	136.77	-6.30	4.13
5	**Bestinver Internacional FI**	Bestinver Gestión	EUR	Spain	**-0.80**	108.68	1.28	6.68
3	**Vontobel Europ Mid Sm Cap Eq A**	Vontobel Management S.A.	EUR	Luxembrg	**-0.85**	104.00	-12.56	5.93
2	**BWI-NovaMax**	LBBW Asset Management Investment GmbH	EUR	Germany	**-0.25**	99.95	-3.24	5.09
3	**Degroof Eqs Sm Cp Euro Behav Val BR Acc**	Bank Degroof	EUR	Luxembrg	**0.42**	99.56	-15.60	-0.26
5	**Squad Capital Growth**	Axxion S. A.	EUR	Luxembrg	**-0.19**	99.07	-2.66	NS
3	**Metzler European Smaller Companies**	Metzler Ireland Ltd.	EUR	Ireland	**3.53**	95.78	-4.15	8.60
2	**ING (L) Invest European Small Cap X**	ING Investment Management Luxembourg	EUR	Luxembrg	**-0.09**	95.13	-13.24	2.98
4	**Gartmore SICAV Pan Euro Sm Comp A**	Gartmore SICAV	EUR	Luxembrg	**0.63**	94.58	-3.33	5.63
5	**Bestinfond FI**	Bestinver Gestión	EUR	Spain	**-1.61**	94.02	-1.20	7.65

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	03/18	EUR	52.90	-3.2	48.5	-16.9
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	03/18	USD	10.85	4.6	47.8	-7.4
Am Eq Blend B	US	EQ	LUX	03/18	USD	10.17	4.3	46.3	-8.2
Am Growth A	US	EQ	LUX	03/18	USD	31.90	2.1	47.1	2.2
Am Growth AX	US	EQ	LUX	03/18	USD	34.47	2.2	47.9	2.8
Am Growth B	US	EQ	LUX	03/18	USD	26.76	1.9	45.6	1.2
Am Growth C	US	EQ	LUX	03/18	USD	28.83	2.0	46.3	1.8
Am Growth I	US	EQ	LUX	03/18	USD	35.41	2.3	48.2	3.0
Am Income A	US	BD	LUX	03/18	USD	8.59	2.9	30.6	7.5
Am Income A2	US	BD	LUX	03/18	USD	19.65	3.2	30.6	7.5
Am Income A2	OT	OT	NA	03/18	HKD	152.49	3.2	30.6	7.5
Am Income AT	OT	OT	NA	03/18	HKD	66.74	3.2	30.6	7.5
Am Income AT	US	BD	LUX	03/18	USD	8.60	3.2	30.6	7.5
Am Income B	US	BD	LUX	03/18	USD	8.59	2.8	29.6	6.6
Am Income B2	US	BD	LUX	03/18	USD	16.91	3.0	29.7	6.7
Am Income B2	OT	OT	NA	03/18	HKD	131.23	3.0	29.7	6.7
Am Income BT	OT	OT	NA	03/18	HKD	67.05	3.0	29.6	6.7
Am Income BT	US	BD	LUX	03/18	USD	8.64	3.0	29.6	6.7
Am Income C	US	BD	LUX	03/18	USD	8.59	2.8	30.0	6.9
Am Income C2	US	BD	LUX	03/18	USD	25.16	3.1	30.0	7.0
Am Income I	US	BD	LUX	03/18	USD	8.59	3.0	31.4	8.1
Am Value A	US	EQ	LUX	03/18	USD	8.88	4.1	36.2	-6.4
Am Value B	US	EQ	LUX	03/18	USD	8.15	3.8	34.7	-7.4
Am Value C	US	EQ	LUX	03/18	USD	8.87	4.0	35.6	-6.8
Am Value I	US	EQ	LUX	03/18	USD	9.57	4.2	37.3	-5.6
Emg Mkts Debt A	GL	BD	LUX	03/18	USD	16.06	4.3	47.4	10.3
Emg Mkts Debt A2	GL	BD	LUX	03/18	USD	21.04	4.6	47.3	10.3
Emg Mkts Debt AT	GL	BD	LUX	03/18	USD	16.15	4.7	47.5	10.4
Emg Mkts Debt B	GL	BD	LUX	03/18	USD	16.06	4.2	46.1	9.2
Emg Mkts Debt B2	GL	BD	LUX	03/18	USD	20.22	4.4	45.9	9.3
Emg Mkts Debt BT	GL	BD	LUX	03/18	USD	16.12	4.4	45.9	9.2
Emg Mkts Debt C	GL	BD	LUX	03/18	USD	16.06	4.3	46.8	9.8
Emg Mkts Debt C2	GL	BD	LUX	03/18	USD	20.66	4.6	46.7	9.9
Emg Mkts Debt I	GL	BD	LUX	03/18	USD	16.06	4.4	48.2	10.9
Emg Mkts Growth A	GL	EQ	LUX	03/18	USD	34.74	0.3	75.5	-8.0
Emg Mkts Growth B	GL	EQ	LUX	03/18	USD	29.39	0.1	73.9	-8.9
Emg Mkts Growth C	GL	EQ	LUX	03/18	USD	30.09	0.2	74.8	-8.4
Emg Mkts Growth I	GL	EQ	LUX	03/18	USD	38.58	0.4	77.0	-7.2
Eur Growth A	OT	OT	LUX	03/18	USD	9.97	4.3	46.0	-8.8
Eur Growth A	OT	OT	LUX	03/18	EUR	7.33	4.3	46.0	-8.8
Eur Growth B	OT	OT	LUX	03/18	EUR	6.58	4.1	44.6	-9.6
Eur Growth B	OT	OT	LUX	03/18	USD	8.95	4.1	44.6	-9.6
Eur Growth C	EU	EQ	LUX	03/18	EUR	5.55	4.1	45.3	-9.2
Eur Growth I	OT	OT	LUX	03/18	USD	10.88	4.3	47.1	-8.1
Eur Growth I	OT	OT	LUX	03/18	EUR	8.00	4.3	47.1	-8.1
Eur Income A	OT	OT	LUX	03/18	EUR	6.82	4.3	58.5	8.7
Eur Income A	OT	OT	LUX	03/18	USD	9.28	4.3	58.5	8.7
Eur Income A2	OT	OT	LUX	03/18	EUR	13.47	4.7	58.5	8.7
Eur Income A2	OT	OT	LUX	03/18	USD	18.32	4.7	58.5	8.7
Eur Income AT	EU	BD	LUX	03/18	EUR	6.83	4.8	58.4	8.7
Eur Income B	OT	OT	LUX	03/18	EUR	6.82	4.2	57.6	7.9
Eur Income B	OT	OT	LUX	03/18	USD	9.28	4.2	57.6	7.9
Eur Income B2	OT	OT	LUX	03/18	EUR	12.51	4.5	57.2	7.9
Eur Income B2	OT	OT	LUX	03/18	USD	17.01	4.5	57.2	7.9
Eur Income BT	EU	BD	LUX	03/18	EUR	6.83	4.5	57.5	8.0
Eur Income C	OT	OT	LUX	03/18	EUR	6.82	4.3	57.9	8.2
Eur Income C	OT	OT	LUX	03/18	USD	9.28	4.3	57.9	8.2
Eur Income C2	OT	OT	LUX	03/18	EUR	13.41	4.5	57.6	8.2
Eur Income C2	OT	OT	LUX	03/18	USD	18.24	4.5	57.6	8.2
Eur Income I	OT	OT	LUX	03/18	EUR	6.82	4.4	59.2	9.3
Eur Income I	OT	OT	LUX	03/18	USD	9.28	4.4	59.2	9.3
Eur Strat Value A	OT	OT	LUX	03/18	EUR	8.75	2.6	49.1	-13.1
Eur Strat Value A	OT	OT	LUX	03/18	USD	11.90	2.6	49.1	-13.1
Eur Strat Value I	OT	OT	LUX	03/18	EUR	8.98	2.7	50.4	-12.4
Eur Strat Value I	OT	OT	LUX	03/18	USD	12.21	2.7	50.4	-12.4
Eur Value A	OT	OT	LUX	03/18	EUR	9.41	2.3	51.8	-9.4
Eur Value A	OT	OT	LUX	03/18	USD	12.80	2.3	51.8	-9.4
Eur Value B	OT	OT	LUX	03/18	USD	11.75	2.1	50.3	-10.3
Eur Value B	OT	OT	LUX	03/18	EUR	8.64	2.1	50.3	-10.3
Eur Value C	OT	OT	LUX	03/18	USD	12.36	2.2	51.0	-9.8
Eur Value C	OT	OT	LUX	03/18	EUR	9.09	2.2	51.0	-9.8
Eur Value I	OT	OT	LUX	03/18	USD	14.81	2.5	52.9	-8.7
Eur Value I	OT	OT	LUX	03/18	EUR	10.89	2.5	52.9	-8.7
Gl Balanced (Euro) A	OT	OT	LUX	03/18	USD	16.13	3.4	35.1	-5.4
Gl Balanced (Euro) B	OT	OT	LUX	03/18	USD	15.68	3.2	33.8	-6.4
Gl Balanced (Euro) C	OT	OT	LUX	03/18	USD	15.99	3.3	34.7	-5.7
Gl Balanced (Euro) I	OT	OT	LUX	03/18	USD	16.44	3.5	NS	NS
Gl Balanced A	US	BA	LUX	03/18	USD	16.74	1.6	36.4	-6.7
Gl Balanced B	US	BA	LUX	03/18	USD	15.89	1.4	35.1	-7.6
Gl Balanced C	OT	OT	LUX	03/18	USD	16.48	1.5	36.0	-7.0
Gl Balanced C	OT	OT	LUX	03/18	EUR	12.12	1.5	36.0	-7.0
Gl Balanced I	US	BA	LUX	03/18	USD	17.39	1.8	37.4	-6.0
Gl Bond A	US	BD	LUX	03/18	USD	9.40	2.4	18.2	5.2
Gl Bond A2	US	BD	LUX	03/18	USD	16.43	2.6	18.2	5.2
Gl Bond A2	OT	OT	NA	03/18	HKD	127.50	2.6	18.2	5.2
Gl Bond AT	OT	OT	LUX	03/18	HKD	72.95	2.6	18.2	5.2
Gl Bond AT	US	BD	LUX	03/18	USD	9.40	2.6	18.2	5.2
Gl Bond B	US	BD	LUX	03/18	USD	9.40	2.2	16.9	4.2
Gl Bond B2	US	BD	LUX	03/18	USD	14.36	2.4	17.0	4.2
Gl Bond B2	OT	OT	NA	03/18	HKD	111.44	2.4	17.0	4.2
Gl Bond BT	OT	OT	LUX	03/18	HKD	73.26	2.5	17.0	4.2
Gl Bond BT	US	BD	LUX	03/18	USD	9.44	2.5	17.0	4.2
Gl Bond C	US	BD	LUX	03/18	USD	9.40	2.3	17.7	4.7
Gl Bond C2	US	BD	LUX	03/18	USD	14.24	2.5	17.6	4.7
Gl Bond I	US	BD	LUX	03/18	USD	9.40	2.5	18.9	5.8
Gl Conservative A	US	BA	LUX	03/18	USD	15.04	1.6	23.1	-1.6
Gl Conservative A2	US	BA	LUX	03/18	USD	17.20	1.6	23.0	-1.6
Gl Conservative B	US	BA	LUX	03/18	USD	15.03	1.4	21.8	-2.6
Gl Conservative B2	US	BA	LUX	03/18	USD	16.31	1.4	21.8	-2.6
Gl Conservative C	US	BA	LUX	03/18	USD	15.03	1.5	22.5	-2.1
Gl Conservative C2	US	BA	LUX	03/18	USD	16.81	1.5	22.5	-2.1
Gl Conservative I	US	BA	LUX	03/18	USD	15.11	1.8	24.2	-0.8
Gl Eq Blend A	GL	EQ	LUX	03/18	USD	11.76	0.9	48.9	-15.4
Gl Eq Blend B	GL	EQ	LUX	03/18	USD	11.01	0.5	47.4	-16.3
Gl Eq Blend C	GL	EQ	LUX	03/18	USD	11.54	0.7	48.1	-15.8
Gl Eq Blend I	GL	EQ	LUX	03/18	USD	12.42	1.0	50.0	-14.8
Gl Growth A	GL	EQ	LUX	03/18	USD	42.38	1.1	45.7	-15.8
Gl Growth B	GL	EQ	LUX	03/18	USD	35.31	0.9	44.3	-16.7
Gl Growth C	GL	EQ	LUX	03/18	USD	40.63	1.0	45.1	-16.2
Gl Growth I	GL	EQ	LUX	03/18	USD	47.14	1.3	46.9	-15.1
Gl High Yield A	US	BD	LUX	03/18	USD	4.48	4.9	68.6	9.0
Gl High Yield A2	US	BD	LUX	03/18	USD	9.74	5.2	68.2	8.9
Gl High Yield A2	OT	OT	NA	03/18	HKD	75.59	5.2	68.2	8.9
Gl High Yield AT	OT	OT	NA	03/18	HKD	34.53	5.4	68.6	8.9
Gl High Yield AT	US	BD	LUX	03/18	USD	4.45	5.4	68.6	8.9
Gl High Yield B	US	BD	LUX	03/18	USD	4.48	4.7	66.6	7.7
Gl High Yield B2	US	BD	LUX	03/18	USD	15.63	5.0	66.6	7.8
Gl High Yield B2	OT	OT	NA	03/18	HKD	121.29	5.0	66.6	7.8
Gl High Yield BT	OT	OT	NA	03/18	HKD	35.08	4.9	66.3	7.8
Gl High Yield BT	US	BD	LUX	03/18	USD	4.52	4.9	66.3	7.8
Gl High Yield C	US	BD	LUX	03/18	USD	4.48	4.8	67.7	8.4
Gl High Yield C2	US	BD	LUX	03/18	USD	14.43	5.2	67.6	8.4
Gl High Yield I	US	BD	LUX	03/18	USD	4.48	5.0	69.7	9.7
Gl Thematic Res. A	OT	OT	LUX	03/18	USD	15.09	2.4	71.9	2.8
Gl Thematic Res. B	OT	OT	LUX	03/18	USD	13.18	2.2	70.3	1.8
Gl Thematic Res. I	OT	OT	LUX	03/18	USD	16.86	2.6	73.3	3.7
Gl Value A	GL	EQ	LUX	03/18	USD	11.20	0.5	52.4	-15.1
Gl Value B	GL	EQ	LUX	03/18	USD	10.27	0.3	51.0	-15.9
Gl Value C	GL	EQ	LUX	03/18	USD	10.87	0.4	51.6	-15.5
Gl Value I	GL	EQ	LUX	03/18	USD	11.93	0.7	53.7	-14.4
Greater China A	AS	EQ	LUX	03/18	USD	39.43	-1.5	55.2	-4.8
Greater China B	AS	EQ	LUX	03/18	USD	34.82	-1.7	53.7	-5.8
Greater China C	AS	EQ	LUX	03/18	USD	38.89	-1.6	54.6	-5.3
India Growth A	OT	OT	LUX	03/18	USD	132.30	4.2	NS	NS
India Growth AX	OT	OT	LUX	03/18	USD	115.71	4.3	126.6	3.4
India Growth B	OT	OT	LUX	03/18	USD	138.30	4.0	NS	NS
India Growth BX	OT	OT	LUX	03/18	USD	98.70	4.1	124.4	2.4
India Growth I	EA	EQ	LUX	03/18	USD	120.04	4.4	127.7	3.8
Int'l Health Care A	OT	EQ	LUX	03/18	USD	144.48	5.1	34.5	-0.5
Int'l Health Care B	OT	EQ	LUX	03/18	USD	121.61	4.9	33.2	-1.5
Int'l Health Care C	OT	EQ	LUX	03/18	USD	138.33	5.0	33.9	-1.0
Int'l Health Care I	OT	EQ	LUX	03/18	USD	158.12	5.3	35.6	0.3
Int'l Technology A	OT	EQ	LUX	03/18	USD	111.97	1.5	56.6	-2.6
Int'l Technology B	OT	EQ	LUX	03/18	USD	96.81	1.2	55.0	-3.6
Int'l Technology C	OT	EQ	LUX	03/18	USD	108.10	1.4	55.9	-3.0
Int'l Technology I	OT	EQ	LUX	03/18	USD	125.75	1.6	57.9	-1.8
Japan Eq Blend A	JP	EQ	LUX	03/18	JPY	6152.00	2.1	34.2	-13.0
Japan Eq Blend B	JP	EQ	LUX	03/18	JPY	5924.00	1.9	32.8	-13.9
Japan Eq Blend C	JP	EQ	LUX	03/18	JPY	6048.00	2.0	33.6	-13.4
Japan Growth A	JP	EQ	LUX	03/18	JPY	5810.00	-1.1	22.7	-15.4
Japan Growth B	JP	EQ	LUX	03/18	JPY	5594.00	-1.3	21.5	-16.2
Japan Growth C	JP	EQ	LUX	03/18	JPY	5712.00	-1.2	22.2	-15.8
Japan Strat Value A	JP	EQ	LUX	03/18	JPY	6446.00	5.3	45.6	-11.1
Japan Strat Value B	JP	EQ	LUX	03/18	JPY	6213.00	5.1	44.1	-11.9
Japan Strat Value C	JP	EQ	LUX	03/18	JPY	6332.00	5.2	44.9	-11.5
Real Estate Sec. A	OT	EQ	LUX	03/18	USD	14.91	3.9	74.6	-9.6
Real Estate Sec. B	OT	EQ	LUX	03/18	USD	13.60	3.7	72.8	-10.6
Real Estate Sec. I	OT	EQ	LUX	03/18	USD	16.04	4.0	75.9	-9.0
Short Mat Dollar A	US	BD	LUX	03/18	USD	7.32	1.3	16.1	-1.1
Short Mat Dollar A2	US	BD	LUX	03/18	USD	9.93	1.4	16.0	-1.2
Short Mat Dollar AT	US	BD	LUX	03/18	USD	7.31	1.4	16.0	-1.2
Short Mat Dollar B	US	BD	LUX	03/18	USD	7.32	1.2	15.7	-1.5
Short Mat Dollar B2	US	BD	LUX	03/18	USD	9.87	1.3	15.6	-1.6
Short Mat Dollar BT	OT	OT	LUX	03/18	USD	7.33	1.4	NS	-1.9
Short Mat Dollar C	US	BD	LUX	03/18	USD	7.32	1.2	15.7	-1.5
Short Mat Dollar C2	US	BD	LUX	03/18	USD	13.96	1.4	15.6	-1.6
Short Mat Dollar I	US	BD	LUX	03/18	USD	7.32	1.4	16.8	-0.6

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund L Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	03/17	USD	104.98	5.0	27.3	22.1
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	01/29	USD	94.67	1.7	28.8	-5.0
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	01/29	SEK	627.50	1.6	14.6	-12.4
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	01/29	USD	60.80	1.2	NS	-27.0
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**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	03/16	USD	40.38	-1.0	-53.7	-18.7
Superfund GCT USD*	GL	EQ	LUX	03/16	USD	2161.00	-1.5	-42.4	-14.4
Superfund Green Gold A (SPC)	OT	OT	CYM	03/16	USD	973.86	1.0	-18.3	-9.1
Superfund Green Gold B (SPC)	OT	OT	CYM	03/16	USD	939.62	0.4	-32.8	-16.0
Superfund Q-AG*	OT	OT	AUT	03/16	EUR	6664.00	0.7	-23.9	-5.4
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Winton Evolution EUR Cls H	OT	OT	CYM	02/26	EUR	948.03	0.3	-6.0	NS
Winton Evolution GBP Cls G	OT	OT	CYM	02/26	GBP	955.79	0.7	-5.2	NS
Winton Evolution USD Cls F	OT	OT	CYM	02/26	USD	1203.51	0.4	-5.9	-0.4
Winton Futures EUR Cls C	OT	OT	VGB	02/26	EUR	196.04	-0.4	-5.7	1.6
Winton Futures GBP Cls D	OT	OT	VGB	02/26	GBP	212.20	-0.3	-5.3	2.4
Winton Futures JPY Cls E	OT	OT	VGB	02/26	JPY	13835.61	-0.4	-6.5	-0.6
Winton Futures USD Cls B	OT	OT	VGB	02/26	USD	696.79	-0.4	-5.7	1.3
■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	03/19	EUR	52.71	1.7	59.8	-0.4
Industria AE	EU	EQ	DEU	03/19	EUR	72.73	2.8	48.9	-7.4
InternRent AE	EU	BD	DEU	03/19	EUR	37.64	6.9	8.8	11.2
■ CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	03/11	USD	307009.86	11.8	161.9	15.6

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MARKETS

Greece's woes to keep euro under pressure

By Bradley Davis

More volatility and weakness are in store for the euro this week as European Union leaders debate whether to offer a lifeline to debt-strapped Greece.

Currency markets aren't expecting the EU summit this Thursday and Friday to yield a specific plan to support Greece, but contradictory statements in the run-up to the event will whip around the currency. Even an agreement may not benefit the euro for long, as problems of deflation and weak growth will continue to hold it down.

CURRENCY MARKETS

"Extreme uncertainty" surrounds this week's meeting, said Sebastien Galy, currency strategist at BNP Paribas in New York. "Nothing's going to be resolved that fast," he said, which means the euro is likely to fall further against the dollar and the yen. Since the start of the year, the common currency has lost 5.8% against the greenback.

Ahead of the summit, the Greek government has ratcheted up the pressure, warning that it can't continue to pay the high interest rates the market is demanding and threatening to turn to the International Monetary Fund instead. The euro zone's position on involving the IMF is in flux: France and the European Central Bank want the solution to be found within the euro zone; Germany, which fears having to pay the lion's share of a bailout that would be hard to sell to voters, appears to be more inclined toward drawing in the IMF.

"EU authorities seem to have explicitly broken ranks on the issue of support to Greece," said analysts at UniCredit in Milan.

Friday afternoon in New York, the euro was at $1.3537 from $1.3609 late Thursday. The dollar was at 90.56 yen from 90.35 yen, while the euro was at 122.60 yen from 122.96 yen. The U.K. pound was at $1.5018 from $1.5239.

The outlook for continued euro weakness will pose a problem for the Swiss National Bank, which has been intervening in currency markets to keep the Swiss franc's strength in check to help the domestic recovery. The euro zone is Switzerland's largest trading partner.

But the SNB has been fighting a losing battle: The outlook for growth in Switzerland has outstripped the euro zone's, fueling expectations that official Swiss rates will rise earlier than rates in the euro zone.

The euro weakened sharply late last week against the Swiss franc, without any sign of the SNB stepping in to manage the decline. "The SNB may indeed be done now with its intervention policy," Beat Siegenthaler of UBS said in a research note.

The euro this week could break 1.43 Swiss francs, a level not seen since October 2008. It was trading at 1.4367 francs late Friday, while the dollar was at 1.0602 francs.

Record soybean crop expected

By Shane Romig And Tony Danby

With the soybean harvest in full swing or kicking off across South American fields, fears of damage from too much rain are fading fast, and farmers are gearing up to deal with record crops.

Brazil, Argentina and Paraguay, the world's top soybean exporters after the U.S., are on track to harvest the largest amount ever, but the bumper crops are going to strain the countries' harvest, transport and storage capacity.

COMMODITY MARKETS

In Brazil, the world's No. 2 soy producer, production is seen jumping more than 18% from last year to 67.5 million metric tons, according to the National Commodities Supply Corp., or Conab.

"This year will be an absolute record by far in both production and yields," said Eduardo Godoi, a soy analyst at AgRural in Mato Grosso, Brazil. The crop avoided all the major weather and disease problems suffered last season, he said.

The previous high mark was set in 2007-08, when Brazilian farmers grew 60 million tons of soybeans. This year, about 46% of the crop has been harvested, according to AgRural.

Across the border in Argentina, the harvest is just starting. Analysts estimate Argentina's soy crop at 52 million to 55 million tons, with the likely total coming in at 53 million tons, said Agritrend analysts Gustavo Lopez.

That is up from Argentina's previous record of 48.8 million tons grown in 2006-07.

Production prospects are basically set—barring a major weather problem—and the Buenos Aires Cereals Exchange is expecting relatively dry harvest weather.

Paraguay is expected to produce 7.2 million tons of the oilseeds this season, up sharply from the 3.4 million tons grown last year, when the crop was battered by drought, said Luis Cubilla, an analyst at Paraguay's grain export chamber, or Capeco. Increased planted area and favorable weather is expected to push output up 20% from the previous record set in 2007-08.

About 75% of Paraguay's crop has been brought in from the fields so far, and about 15 to 20 days are left in the harvest period. While some intense storms are expected toward the end of the month, warm conditions and strong sunshine will help fuel quick evaporation and allow farmers to get back to work, Mr. Cubilla said.

Even Uruguay—not traditionally a major soy grower—should have a bigger crop, with about 1.5 million tons expected this season, said brokerage Panagricola SA Vice President Ricardo Baccarin. That is up about a third from last season.

The huge output is a boon to South American farmers, but getting it all to port is going to test the region's infrastructure.

Japanese yields flat ahead of holiday

By Tomoyuki Tachikawa

Yields on Japanese government bonds barely budged Friday amid speculation that the Bank of Japan may again come under pressure to take further monetary-easing steps in the coming months.

BOND MARKETS

Dealers said long-term yields should fall this week as many players believe deflation will remain entrenched in the Japanese economy, and the government may put renewed pressure on the BOJ to take more action to stem persistent price falls.

The benchmark 10-year yield was flat at 1.365%.

But some analysts said midterm to long-term debt could lose favor if Tokyo shares extend their gains as hopes for a full-fledged economic recovery grow. The Nikkei Stock Average of 225 companies rose for the fifth time in seven trading days on Friday.

The market will be closed Monday for the Vernal Equinox holiday.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	03/12	USD	1301.17	4.7	31.5	-5.5
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	03/15	JPY	14381.91	-7.4	74.2	3.9
GAM Asia Equity Hedge US	OT	OT	VGB	03/15	USD	268.79	-7.4	74.7	5.2
GAM Asia Equity USD	OT	OT	VGB	03/18	USD	650.34	-0.5	73.0	-1.6
GAM Asia-Pacific Eq USD	OT	OT	VGB	03/16	USD	1344.25	4.8	61.3	-7.5
GAM Com Glb Bal EUR Op	US	BA	VGB	03/15	EUR	98.23	1.7	32.3	-5.2
GAM Com Glb Bal USD Op	US	BA	VGB	03/15	USD	129.94	1.7	32.3	-5.2
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	03/15	EUR	102.01	1.8	55.0	-9.4
GAM Comp Glb Eq USD Op	GL	EQ	VGB	03/15	USD	129.80	1.8	55.0	-9.4
GAM Comp Glb Gr EUR Op	US	BA	VGB	03/15	EUR	89.29	1.1	38.4	-8.2
GAM Comp Glb Gr USD Op	US	BA	VGB	03/15	USD	128.45	1.1	38.4	-8.2
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	03/12	USD	259.82	4.5	78.3	-2.5
GAM Cross Trading Inc	OT	OT	VGB	03/15	USD	461.27	-1.0	3.3	NS
GAM Diversity CHF Op	OT	OT	VGB	03/15	CHF	94.61	0.3	3.7	-5.6
GAM Diversity EUR Op	OT	OT	VGB	03/15	EUR	651.39	0.4	4.9	-4.1
GAM Diversity USD 2.5XL	OT	OT	VGB	03/15	USD	78.83	0.7	8.2	-16.4
GAM Diversity USD Op	OT	OT	VGB	03/15	USD	684.14	0.5	4.5	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	03/15	CHF	99.80	0.3	3.0	-5.1
GAM Dvrsty II EUR Op	OT	OT	VGB	03/15	EUR	139.31	0.4	3.3	-4.1
GAM Dvrsty II USD Op	OT	OT	VGB	03/15	USD	211.02	0.4	3.6	-4.4
GAM DvrstyIII EUR Op	OT	OT	VGB	03/15	EUR	115.98	0.4	3.3	-4.2
GAM DvrstyIII USD Op	OT	OT	VGB	03/15	USD	122.48	0.4	3.6	-4.4
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	03/15	EUR	223.97	2.4	18.4	-0.2
GAM Euro Eq Hdg USD Op	OT	OT	VGB	03/15	USD	207.77	2.2	19.6	1.3
GAM European Equity USD	OT	OT	VGB	03/17	USD	289.57	-1.2	49.0	-7.5
GAM GAMCO	OT	EQ	VGB	03/16	USD	858.29	5.9	94.2	-3.1
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	03/15	EUR	99.24	1.4	15.4	-14.2
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	03/15	USD	104.72	1.5	16.1	-13.3
GAM Gbl Divers USD Inc.	GL	EQ	VGB	03/15	USD	259.12	3.7	60.8	-0.9
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	03/15	USD	267.99	-6.5	110.6	25.0
GAM Intrst Trend II	GL	BD	VGB	03/15	USD	110.27	17.1	100.0	1.4
GAM Intrst Trend Inc	OT	OT	VGB	03/15	USD	293.82	16.8	119.1	3.2
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	03/15	EUR	127.23	9.0	33.1	4.7
GAM Japan Eq Hdg USD Op	OT	OT	VGB	03/15	USD	130.62	7.0	32.4	-9.1
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	03/15	JPY	8991.96	7.0	33.6	-8.3
GAM Japan USD	JP	EQ	VGB	03/18	USD	1193.47	8.2	35.1	-6.3
GAM Japan YEN	JP	EQ	VGB	03/18	JPY	9437.31	6.9	31.5	-9.3
GAM Money Mkt EuroOp	EU	MM	VGB	03/17	EUR	51.17	0.7	0.8	1.7
GAM Money Mkt USD	US	MM	VGB	03/16	USD	100.01	0.1	0.0	0.5
GAM Multi-Arb EUR Op	OT	OT	VGB	03/15	EUR	112.78	1.4	1.2	-6.8
GAM Multi-Arb USD Op	OT	OT	VGB	03/15	USD	117.67	1.4	1.4	-7.0
GAM Multi-China EUR Op	OT	OT	VGB	03/15	EUR	163.10	-2.9	9.1	-4.1
GAM Multi-China USD Op	OT	OT	VGB	03/15	USD	171.92	-2.6	9.6	-4.7
GAM Multi-Emer Mkts GBP	OT	OT	VGB	03/15	GBP	131.70	0.1	26.0	-0.4
GAM Multi-Emer Mkts USD	OT	OT	VGB	03/15	USD	651.82	0.1	26.1	-0.8
GAM Multi-Eur EUR Op	OT	OT	VGB	03/15	EUR	268.16	-0.3	5.7	-4.8
GAM Multi-Eur II EUR Op	OT	OT	VGB	03/15	EUR	137.98	-0.3	5.2	-4.8
GAM Multi-Eur II USD Op	OT	OT	VGB	03/15	USD	112.78	-0.3	5.2	-5.8
GAM Multi-Eur USD Op	OT	OT	VGB	03/15	USD	466.92	-0.2	5.3	-5.7
GAM Multi-Nth Am EUR Special	OT	OT	VGB	03/15	EUR	134.07	0.1	9.5	-1.1
GAM Multi-Nth Am USD Special	OT	OT	VGB	03/15	USD	218.11	0.0	9.7	-1.2
GAM Multi-Pac EUR Op	GL	EQ	VGB	03/15	EUR	141.27	-1.5	2.5	-2.3
GAM Multi-Pac USD Op	OT	OT	VGB	03/15	USD	163.22	-1.3	2.9	-2.6
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	03/12	USD	2776.82	5.3	82.1	13.2
GAM Sing/Malaysia	AS	EQ	VGB	03/18	USD	2558.61	1.3	78.3	0.9
GAM Sterling Spe Bd Inc	OT	OT	VGB	03/15	GBP	242.98	5.6	60.2	8.4
GAM Trading EUR Inc	OT	OT	VGB	03/15	EUR	321.78	-1.0	2.9	2.4
GAM Trading USD Inc	OT	OT	VGB	03/15	USD	963.56	-1.0	3.4	1.7
GAM Trdg II IncEUR Op	OT	OT	VGB	03/15	EUR	137.69	-1.0	2.8	2.3
GAM Trdg II IncUSD Op	OT	OT	VGB	03/15	USD	312.87	-1.0	3.4	1.7
GAM Trdg IV IncEUR Op	OT	OT	VGB	03/15	EUR	145.21	-1.1	2.7	2.1
GAM Trdg IV IncUSD Op	OT	OT	VGB	03/15	USD	152.96	-1.0	3.1	1.5
GAM Trdg V IncEUR Op	OT	OT	VGB	03/15	EUR	123.10	-1.1	2.5	2.0
GAM Trdg V IncUSD Op	OT	OT	VGB	03/15	USD	128.33	-1.0	3.1	1.5
GAM TrdgIII IncEUR Op	OT	OT	VGB	03/15	EUR	155.25	-1.1	2.7	2.0
GAM TrdgIII IncUSD Op	OT	OT	VGB	03/15	USD	160.89	-1.0	3.2	1.5
GAM USDSpecBondInc	US	BD	VGB	03/15	USD	578.87	9.2	121.0	13.0
GAM Worldwide	GL	EQ	VGB	03/17	USD	2236.08	0.5	52.9	-4.9
GAMut Investments	OT	OT	VGB	03/10	USD	7710.34	1.7	2.5	6.6

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	03/17	CHF	11.12	0.8	51.4	1.2
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	03/17	EUR	12.30	3.3	63.7	5.7
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	03/17	GBP	1.64	4.5	58.4	12.8
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	03/17	USD	13.28	-1.0	72.8	-1.0
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	03/18	EUR	110.78	9.5	41.9	1.5
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	03/18	EUR	107.21	9.5	41.9	1.5
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	03/18	EUR	11.44	4.3	45.1	1.2
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	03/18	EUR	189.51	3.3	43.5	-1.4
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	03/17	EUR	172.76	3.3	43.5	-1.4
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	03/18	USD	15.72	-1.0	51.2	-7.3
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	03/18	USD	14.26	-1.0	51.2	-7.3
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	03/17	USD	5.91	7.7	54.2	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	03/18	EUR	97.66	11.3	35.0	1.7
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	03/17	EUR	97.94	11.3	35.0	1.7
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	03/17	JPY	989.76	7.5	33.1	-8.2
GAMStar-JpnEq USD Acc	JP	EQ	IRL	03/17	USD	12.10	8.8	38.6	-6.7
GAMStar-World EqUSD Acc	GL	EQ	IRL	03/18	USD	2232.04	0.6	53.9	-4.4

LIST YOUR FUNDS

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■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	03/19	USD	15.80	3.6	49.6	-5.0
American Growth AA	US	EQ	LUX	03/19	USD	0.91	3.6	49.2	-4.6
Asian Equity	AS	EQ	LUX	03/19	USD	2.45	-0.3	72.1	-0.4
Asian Equity AA	AS	EQ	LUX	03/19	USD	0.79	-0.3	71.5	-0.7
Asian Sm Cap Equity AA	AS	EQ	LUX	03/19	USD	1.21	4.5	118.2	6.5
China Value A	AS	EQ	LUX	03/19	USD	7.01	-2.0	65.7	6.0
China Value AA	AS	EQ	LUX	03/19	USD	2.20	-2.1	65.3	5.8
Dragon Growth	AS	EQ	LUX	03/19	USD	1.64	-0.8	69.2	1.8
Dragon Growth AA	OT	OT	LUX	03/19	HKD	7.96	-0.8	69.0	1.3
Emg Eastrn Europe A	EU	EQ	LUX	03/19	USD	4.79	5.2	125.4	-10.5
Emg Eastrn Europe AA	EU	EQ	LUX	03/19	USD	2.06	5.2	125.0	-10.6
European Growth	EU	EQ	LUX	03/19	USD	9.04	-1.2	68.6	-13.7
European Growth AA	EU	EQ	LUX	03/19	USD	0.64	-1.3	68.2	-13.9
Global Contrarain AA	GL	EQ	LUX	03/19	USD	0.94	6.8	106.5	NS
Global Property AA	OT	EQ	LUX	03/19	USD	0.70	4.0	89.1	-6.2
Global Resources AA	OT	EQ	LUX	03/19	USD	1.09	1.7	62.6	-13.1
Healthcare AA	OT	EQ	LUX	03/19	USD	1.01	6.0	35.9	NS
India Equity AA	EA	EQ	LUX	03/19	USD	1.11	0.9	100.6	-0.2
International Growth	GL	EQ	LUX	03/19	USD	3.10	1.7	44.8	-9.9
International Growth AA	GL	EQ	LUX	03/19	USD	0.72	1.6	44.4	-10.1
Japanese Growth	JP	EQ	LUX	03/19	USD	2.87	3.9	37.2	-7.4
Japanese Growth AA	JP	EQ	LUX	03/19	USD	0.76	4.5	37.8	-7.3
Latin America Equity AA	GL	EQ	LUX	03/19	USD	1.29	0.7	104.7	-1.8
Manulife GF Strategic Income Fund AA	OT	OT	NA	03/19	USD	1.04	3.8	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	03/19	USD	1.16	2.1	NS	NS
Russia Equity AA	EE	EQ	LUX	03/19	USD	0.70	11.2	142.9	-14.4
Taiwan Equity AA	AS	EQ	LUX	03/19	USD	1.04	-4.0	72.2	0.1
Turkey Equity AA	EE	EQ	LUX	03/19	USD	0.77	1.2	167.7	5.0
U.S. Bond AA	US	BD	LUX	03/19	USD	1.14	3.2	21.8	8.3
U.S. Sm Cap Equity AA	US	EQ	LUX	03/19	USD	0.94	15.4	97.6	1.7
U.S. Special Opportunities	OT	OT	LUX	03/19	USD	0.90	11.5	108.3	14.1
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	03/19	USD	1.15	1.2	10.5	1.0

■ PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	03/10	USD	136.35	7.1	158.8	0.3

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	03/18	USD	8.20	2.2	96.2	3.4

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Asset Management

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Hotline in Hong Kong 2166 5099
A company of Amundi Group
www.sgam.com

Bonds Eur Hi Yld A	OT	OT	LUX	03/17	EUR	21.79	5.8	65.6	7.3
Bonds EURO A	OT	OT	LUX	03/17	EUR	41.78	1.8	6.7	4.8
Bonds EUROPE A	OT	OT	LUX	03/17	EUR	39.84	1.9	5.8	4.3
Bonds US OppsCoreplus A	OT	OT	LUX	03/17	USD	37.61	1.9	18.2	7.9
Bonds World A	OT	OT	LUX	03/18	USD	41.69	-0.7	11.9	0.7
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	03/18	USD	10.39	-0.3	78.9	-0.8
Eq. China A	AS	EQ	LUX	03/18	USD	22.96	-4.8	60.6	2.2
Eq. Concentrated Euroland A	OT	OT	LUX	03/17	EUR	93.35	0.4	37.8	-7.8
Eq. ConcentratedEuropeA	EU	EQ	LUX	03/18	EUR	27.29	1.0	50.7	-8.8
Eq. Emerging Europe A	OT	OT	LUX	03/18	EUR	26.11	10.8	102.6	-14.1
Eq. Euroland A	EU	EQ	LUX	03/18	EUR	10.85	0.2	42.0	-10.5
Eq. Euroland Small Cap A	OT	OT	LUX	03/18	EUR	148.13	4.9	60.1	-3.1
Eq. EurolandCyclclsA	EU	EQ	LUX	03/18	EUR	18.41	3.4	48.5	-5.7
Eq. EurolandFinancialA	OT	EQ	LUX	03/18	EUR	10.93	-3.4	70.8	-14.1
Eq. Glbl Emg Cty A	GL	EQ	LUX	03/18	USD	9.33	-3.6	66.3	-9.9
Eq. Global A	GL	EQ	LUX	03/18	USD	28.58	2.6	55.0	-7.5
Eq. Global Energy A	OT	EQ	LUX	03/18	USD	17.90	-1.3	37.1	-14.1
Eq. Global Resources A	OT	OT	LUX	03/18	USD	110.29	1.0	59.6	-11.8
Eq. Gold Mines A	OT	EQ	LUX	03/18	USD	30.44	0.5	41.4	-5.4
Eq. India A	OT	OT	LUX	03/18	USD	132.35	1.2	100.6	0.2
Eq. Japan CoreAlpha A	OT	OT	LUX	03/18	JPY	7771.06	7.1	33.3	0.4
Eq. Latin America A	OT	OT	LUX	03/18	USD	114.59	-1.4	84.7	-9.0
Eq. US Lg Cap Gr A	US	EQ	LUX	03/18	USD	15.76	3.3	48.0	-6.1
Eq. US Rel Val A	US	EQ	LUX	03/18	USD	21.52	4.5	55.4	-8.8
Eq. US Sm Cap Val A	US	EQ	LUX	03/18	USD	17.22	8.0	59.0	-10.7
Money Market EURO A	EU	MM	LUX	03/18	EUR	27.42	0.1	0.6	2.2
Money Market USD A	US	MM	LUX	03/17	USD	15.83	0.0	0.3	1.3

The National Investor

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TNI Mena Real Estate Fund	OT	OT	BMU	03/11	USD	916.17	-4.7	6.0	-31.2
TNI MENA Special Sits Fund	OT	OT	BMU	02/28	USD	1109.04	2.8	16.0	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	03/11	AED	5.18	-2.8	17.3	-34.1

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Intel-Chin MainInd Foc	AS	EQ	CYM	03/15	USD	29.49	-1.2	94.1	7.9
Intel-China Converg*	AS	EQ	CYM	03/15	USD	112.04	-1.7	93.9	5.5
VP Classic - A	AS	EQ	CYM	03/18	USD	190.83	2.3	87.6	6.0
VP Classic - B	AS	EQ	CYM	03/18	USD	88.85	2.2	86.6	5.5
VP High Dividend Stk	AS	EQ	CYM	03/15	USD	46.73	2.9	99.4	8.2

*formerly known as China ABH Shares Fund

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■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	03/19	JPY	9562.00	1.1	32.1	-12.9
YMR-N Small Cap Fund	OT	OT	IRL	03/19	JPY	6884.00	-1.8	28.9	-13.3

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	03/19	JPY	6113.00	-0.6	19.3	-16.9
Yuki 77 Growth	JP	EQ	IRL	03/19	JPY	5595.00	-0.8	12.3	-21.3

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	03/19	JPY	6959.00	1.9	27.4	-12.4
Yuki Chugoku JpnLowP	JP	EQ	IRL	03/19	JPY	8123.00	7.7	21.4	-10.2

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	03/19	JPY	4769.00	2.1	24.1	-16.8
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	03/19	JPY	5466.00	4.2	25.9	-11.1
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	03/19	JPY	4978.00	-2.5	26.2	-13.9

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	03/19	JPY	4420.00	0.0	23.2	-20.9
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	03/19	JPY	4662.00	-0.1	23.1	-20.7
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	03/19	JPY	6941.00	-0.4	29.9	-15.5
Yuki Mizuho Jpn Gen	OT	OT	IRL	03/19	JPY	8781.00	1.9	26.7	-12.4
Yuki Mizuho Jpn Gro	OT	OT	IRL	03/19	JPY	6319.00	-0.6	21.5	-15.6
Yuki Mizuho Jpn Inc	OT	OT	IRL	03/19	JPY	7879.00	3.2	16.3	-14.4
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	03/19	JPY	5291.00	2.0	24.8	-13.9
Yuki Mizuho Jpn LowP	OT	OT	IRL	03/19	JPY	12086.00	4.5	29.3	-8.6
Yuki Mizuho Jpn PGth	OT	OT	IRL	03/19	JPY	7785.00	-2.2	19.7	-18.0
Yuki Mizuho Jpn SmCp	OT	OT	IRL	03/19	JPY	6934.00	-2.8	33.1	-14.1
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	03/19	JPY	5813.00	2.9	28.0	-10.7
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	03/19	JPY	2751.00	0.9	32.5	-18.1

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	03/19	JPY	5542.00	2.2	25.5	-13.7

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE Previous session	Year-to-date	52-week
Sweden	0.23%	7.7%	60.9%
Switzerland	-0.08	5.8	49.7
South Africa	unch.	4.5	30.5
Japan	0.98	4.4	26.5
U.K.	0.16	4.0	48.0
Netherlands	-0.65	3.3	64.0
Canada	-0.71	1.3	36.7
Australia	0.19	1.1	38.5
Singapore	0.13	0.4	85.8
Germany	-0.53	-0.2%	39.9
Turkey	-0.16	-0.7	117.3
France	-0.34	-0.7	42.1
Russia	-0.70	-0.9	59.5
Hong Kong	0.29	-1.2	55.9
South Korea	0.79	-1.4	46.9
Italy	-0.29	-1.8	55.3
Spain	-0.43	-5.1	35.5
Brazil	-1.58	-6.1	88.4
China 88	0.71	-9.4	32.2

Dow Jones Regional Sector Titans

Ind Gds Svcs	-0.23%	8.6%	77.3%
Travel Leisure	-0.15	8.2	53.4
Pers H'hold Gds	0.01	6.1	47.4
Arab 50	-0.19	5.5	29.5
Retail	-0.34	4.9	47.5
Asian 50	0.61	3.8	53.0
Real Estate	-0.60	3.0	77.1
Media	-0.80	2.7	61.4
Global 50	-0.55	-0.8%	41.0
Tiger 50*	0.20	-2.3	70.2

*Asia excluding Japan

Source: Dow Jones Indexes

Dow Jones Asia Titans: Friday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Hutchison Whampoa	Hong Kong	Diversified Industrials	$32.5	59.10	2.87%	53.1%	-22.1%
Nintendo	Japan	Toys	39.4	27,900	2.65	-1.3	-18.7
Sony	Japan	Consumer Electronics	38.8	3,520	2.62	78.4	-43.5
Canon	Japan	Electronic Office Equipment	56.2	4,120	2.36	53.5	-37.4
Seven I Hldgs	Japan	Broadline Retailers	20.9	2,094	2.30	7.2	-42.0
CNOOC	Hong Kong	Exploration Production	$72.9	12.66	-1.09%	68.1	95.7
RioZim Ltd	Australia	General Mining	42.5	76.19	-1.04	106.1	25.6
Commonwlth Bk of Aus	Australia	Banks	78.6	56.21	-0.71	65.3	11.8
Taiwan Smcndtr Mfg	Taiwan	Semiconductors	49.0	60.00	-0.66	26.4	-13.0
Shinhan Financial Grp	South Korea	Banks	18.1	43,200	-0.35	72.1	-19.0

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Panasonic Japan (Consumer Electronics)	31.2	1,366	2.02%	21.0%	-45.1%
Toyota Motor Japan (Automobiles)	125.2	3,600	1.98	21.4	-54.1
Honda Motor Japan (Automobiles)	65.8	3,260	1.88	46.2	-23.7
Nippon Steel Japan (Iron Steel)	24.3	350.00	1.74	36.2	-59.4
Mitsui Japan (Industrial Suppliers)	30.8	1,537	1.52	72.7	-29.8
PetroChina Hong Kong (Integrated Oil Gas)	25.1	9.22	1.32	54.2	5.0
Shin-Etsu Chml Japan (Specialty Chemicals)	24.4	5,200	1.17	10.9	-28.9
Cheung Kong Hong Kong (Real Estate Holding Development)	29.8	99.75	1.12	58.0	2.1
Sumitomo Mitsui Finl Japan (Banks)	44.1	2,963	1.09	-16.3	-73.1
Mizuho Financial Grp Japan (Banks)	29.8	192.00	1.05	-8.1	-75.5
Woodside Petroleum Australia (Exploration Production)	30.9	46.73	1.04	24.9	26.4
QBE Ins Grp Australia (Reinsurance)	19.8	20.96	0.96	12.9	-34.4
Takeda Pharm Japan (Pharmaceuticals)	37.1	4,260	0.95	25.3	-46.6
Aus NZ Bk Australia (Banks)	57.9	25.11	0.92	72.6	-15.0
Japan Tobacco Japan (Tobacco)	36.0	339,000	0.89	41.7	-40.3
Samsung Elec South Korea (Semiconductors)	104.5	804,000	0.88	48.3	38.6
JFE Hldgs Japan (Iron Steel)	21.1	3,615	0.84	66.2	-51.4
Westfield Grp Australia (Retail REITs)	25.9	12.20	0.83	18.8	-42.2
East Japan Railway Japan (Travel Tourism)	27.0	6,170	0.65	23.2	-34.5
NTT DoCoMo Japan (Mobile Telecommunications)	65.6	142,200	0.64	4.2	-34.2

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
China Constr Bk Hong Kong (Banks)	181.3	6.26	0.64%	50.5%	39.7%
KB Fncl Group South Korea (Banks)	17.9	52,900	0.57	70.5	-36.7
National Australia Bk Australia (Banks)	51.9	26.90	0.56	40.7	-33.7
Tokyo Elec Power Japan (Conventional Electricity)	36.8	2,468	0.53	0.7	-43.0
Nippon T&T Japan (Fixed Line Telecommunications)	57.2	3,915	0.51	7.6	-35.8
Westpac Bking Australia (Banks)	73.5	27.43	0.48	51.0	4.9
Mitsubishi UFJ Finl Japan (Banks)	73.0	475.00	0.42	-2.9	-65.3
KDDI Japan (Mobile Telecommunications)	23.3	476,500	0.32	6.8	-49.2
Kansai Elec Power Japan (Conventional Electricity)	22.5	2,130	0.28	0.2	-44.2
Mitsubishi Japan (Industrial Suppliers)	42.6	2,347	0.21	91.1	-16.2
China Mobile (HK) Hong Kong (Mobile Telecommunications)	196.1	76.55	0.20	21.3	7.9
Indl Comm Bk China Hong Kong (Banks)	63.3	5.91	0.17	78.6	34.6
BHP Billiton Australia (General Mining)	133.4	43.20	0.09	34.2	48.0
Woolworths Australia (Food Retailers Wholesalers)	32.6	28.78	0.07	16.3	6.0
Nissan Motor Japan (Automobiles)	34.5	766.00	...	108.7	-42.6
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	37.5	139.50	...	122.8	-1.0
Tokio Marine Hldgs Japan (Property Casualty Insurance)	22.3	2,564	...	4.9	-39.2
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	39.1	118.20	-0.08	82.1	29.8
China Life Ins Hong Kong (Life Insurance)	35.4	36.95	-0.14	51.4	66.1
POSCO South Korea (Iron Steel)	36.6	547,000	-0.18	53.2	43.6

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	-0.08%	1.95%	0.9%	0.3%	5.6%
Event Driven	0.43	2.43	2.5	2.0	15.3
Equity Long/Short	0.10	2.44	4.2	3.0	8.4

*Estimates as of 03/18/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

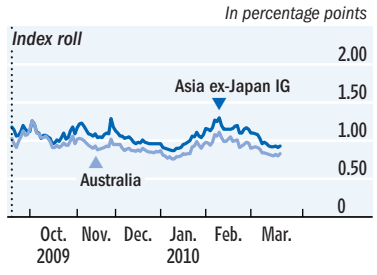
Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.76	101.08%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.13	99.41	0.01	1.76	0.92	1.28
Europe Crossover: 12/1	4.19	103.20	0.05	6.15	3.79	4.86
Asia ex-Japan IG: 12/1	0.93	100.29	0.01	1.34	0.87	1.06
Japan: 12/1	1.23	98.93	0.01	1.68	0.99	1.35

Note: Data as of March 18

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.



Source: Markit Group

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Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Taisei	229	**-40**	-67	-139
Marui Group	178	**-18**	-35	-84
Kawasaki Kisen Kaisha	151	**-14**	-38	-77
Mitsubishi Chem	96	**-12**	-19	-36
Mitsubishi Chem Hldgs	112	**-10**	-15	-27
Sanyo Shinpan Fin	651	**-9**	-52	-47
Mitsui Chems	120	**-8**	-18	-30
Obayashi	133	**-7**	-41	-100
Promise	655	**-5**	-50	-50
Mitsubishi Matls	97	**-5**	-7	-29

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Acom	278	**2**	-22	-25
Hysan Dev	53	**2**	3	-11
Rep Korea	76	**2**	...	-35
Mizuho Corporate Bk	92	**2**	-7	-38
Korea Elec Pwr	62	**2**	1	-28
Telekom Malaysia	69	**2**	-1	-33
Softbank	260	**2**	-24	-53
Hongkong	64	**3**	...	-18
Mazda Mtr	177	**4**	-7	-46
Fuji Heavy Inds	113	**5**	-6	-36

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Japan

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

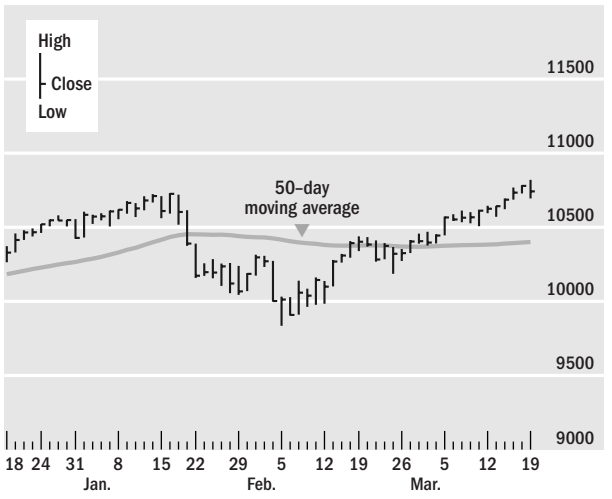
	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
Sumitomo Mitsui Banking Corp	$170	19.9%	84%	8%	2%	7%
Nomura	120	14.0	64	26	9	...
Mizuho	87	10.2	33	43	11	13
Goldman Sachs	82	9.6	77	2	21	...
Daiwa Capital Markets	80	9.3	66	28	6	...
Mitsubishi UFJ Financial Group	71	8.3	49	35	6	10
Citi	69	8.1	79	5	14	2
Barclays Capital	58	6.7	97	3	...	...
Deutsche Bank	30	3.5	60	20	19	...

Source: Dealogic

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 17

LAST: **10741.98** ▼ 37.19, or 0.35%
YEAR TO DATE: ▲ **313.93, or 3.0%**
OVER 52 WEEKS ▲ **3,463.60, or 47.6%**

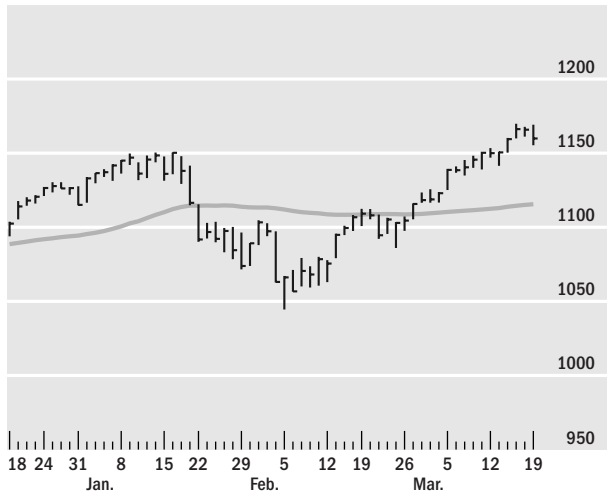


Nasdaq Composite Index P/E: 17*

LAST: **2374.41** ▼ 16.87, or 0.71%
YEAR TO DATE: ▲ **105.26, or 4.6%**
OVER 52 WEEKS ▲ **917.14, or 62.9%**

S&P 500 Index P/E: 23

LAST: **1159.90** ▼ 5.93, or 0.51%
YEAR TO DATE: ▲ **44.80, or 4.0%**
OVER 52 WEEKS ▲ **391.36, or 50.9%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**29.10**	$26.24	0.18	**0.69%**
Alcoa	AA	**35.30**	14.26	-0.04	**-0.28**
AmExpress	AXP	**8.80**	40.33	-0.67	**-1.63**
BankAm	BAC	**152.00**	16.82	-0.26	**-1.52**
Boeing	BA	**13.00**	70.72	-0.15	**-0.21**
Caterpillar	CAT	**8.80**	59.37	-0.40	**-0.67**
Chevron	CVX	**13.20**	74.98	0.22	**0.29**
CiscoSys	CSCO	**49.30**	26.15	-0.19	**-0.72**
CocaCola	KO	**18.80**	54.75	0.80	**1.48**
Disney	DIS	**13.90**	33.64	-0.14	**-0.41**
DuPont	DD	**12.10**	36.86	-0.21	**-0.57**
ExxonMobil	XOM	**36.30**	67.04	-0.35	**-0.52**
GenElec	GE	**104.50**	18.07	-0.12	**-0.66**
HewlettPk	HPQ	**17.80**	52.49	-0.24	**-0.46**
HomeDpt	HD	**21.00**	32.36	-0.04	**-0.12**
Intel	INTC	**69.50**	21.99	-0.21	**-0.93**
IBM	IBM	**8.20**	127.71	-0.67	**-0.52**
JPMorgChas	JPM	**29.60**	43.45	-0.19	**-0.44**
JohnsJohns	JNJ	**20.10**	65.11	0.05	**0.08**
KftFoods	KFT	**15.00**	29.63	-0.20	**-0.67**
McDonalds	MCD	**9.20**	66.53	-0.15	**-0.22**
Merck	MRK	**20.70**	38.06	-0.39	**-1.01**
Microsoft	MSFT	**61.50**	29.59	-0.02	**-0.07**
Pfizer	PFE	**104.90**	16.91	-0.32	**-1.86**
ProctGamb	PG	**13.90**	63.84	0.11	**0.17**
3M	MMM	**6.20**	81.96	-1.71	**-2.04**
TravelersCos	TRV	**8.00**	53.46	0.08	**0.15**
UnitedTech	UTX	**8.50**	73.24	0.74	**1.02**
Verizon	VZ	**17.00**	30.41	0.11	**0.36**
WalMart	WMT	**15.60**	55.34	-0.60	**-1.07**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**556.0**	$3.90	–$0.12	**–2.99%**
FordMotor	F	**252.3**	13.29	–0.44	**–3.20**
SPDR S&P 500	SPY	**224.4**	115.97	–1.07	**–0.91**
SiriusXM	SIRI	**180.3**	0.83	–0.03	**–4.05**
BankAm	BAC	**177.9**	16.82	–0.26	**–1.52**
PalmInc	PALM	**125.1**	4.00	–1.65	**–29.16**
GenElec	GE	**114.8**	18.07	–0.12	**–0.66**
Pfizer	PFE	**113.2**	16.91	–0.32	**–1.86**
SPDR FnclSelSct	XLF	**89.5**	15.69	–0.14	**–0.88**
PwrShrs QQQ	QQQQ	**86.3**	47.49	–0.34	**–0.71**
Microsoft	MSFT	**81.3**	29.59	–0.02	**–0.07**
iShrRu2000	IWM	**80.5**	67.41	–0.85	**–1.25**
Intel	INTC	**77.9**	21.99	–0.21	**–0.93**
iShrMSCIEmrgMkt	EEM	**65.9**	41.19	–0.54	**–1.29**
DrxFinancBear 3x	FAZ	**60.9**	14.17	0.30	**2.18**

Biggest gainers...

AdeptTch	ADEP	**28.6**	$3.70	$0.50	**15.63%**
PolyOne	POL	**5,214.2**	10.33	1.39	**15.55**
CityTelecm	CTEL	**2,877.6**	14.28	1.88	**15.16**
EmmComm pfA	EMMSP	**3.1**	15.50	1.96	**14.48**
IDT Cp B	IDT	**441.6**	7.50	0.93	**14.16**

...Biggest losers

AddusHmCare	ADUS	**1,281.2**	$6.30	-$2.60	**-29.21%**
PalmInc	PALM	**125,120.9**	4.00	-1.65	**-29.16**
BkAtlBcp A	BBX	**5,804.9**	1.75	-0.61	**-25.85**
AirTransport	ATSG	**1,975.5**	1.90	-0.64	**-25.20**
RylBcshPA A	RBPAA	**26.8**	1.84	-0.52	**-22.03**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$8.04	**Taiwan Semi**	TSM	**11,109.3**	$10.09	-0.25	**-2.42%**
4.24	2.10	**Utd Microelectronics**	UMC	**8,468.5**	3.51	-0.13	**-3.57**
13.30	7.61	**AU Optrncs**	AUO	**3,766.4**	11.53	-0.12	**-1.03**
82.74	39.81	**BHP Billiton**	BHP	**2,908.3**	77.80	-1.54	**-1.94**
15.28	2.00	**City Telecom**	CTEL	**2,835.9**	14.28	1.88	**15.16**
6.84	4.79	**Mitsu UFJ Fnl**	MTU	**1,557.1**	5.22	-0.02	**-0.38**
8.19	5.21	**Siliconware Prec Ind**	SPIL	**1,536.2**	6.05	-0.08	**-1.31**
61.90	25.10	**Infosys Tech**	INFY	**1,466.1**	60.70	-1.07	**-1.73**
15.95	9.58	**China Unicom**	CHU	**1,325.3**	11.98	-0.10	**-0.83**
59.22	40.20	**China Mobile**	CHL	**1,319.1**	48.96	-0.49	**-0.99**
18.20	8.88	**Korea Elec Pwr**	KEP	**1,184.9**	16.68	-0.48	**-2.80**
18.64	13.91	**SK Telecom**	SKM	**1,178.2**	16.94	-0.12	**-0.70**
91.97	60.38	**Toyota Motor**	TM	**1,152.6**	79.56	0.75	**0.95**
5.23	2.14	**Adv Semi Engrg**	ASX	**1,102.6**	4.30	-0.14	**-3.15**
34.27	12.94	**Aluminum Cp of China**	ACH	**848.3**	26.77	0.89	**3.44**
38.83	19.80	**Sony**	SNE	**779.0**	38.64	0.28	**0.73**
46.22	26.34	**Canon**	CAJ	**680.8**	45.17	0.48	**1.07**
20.49	16.87	**ChunghwaTel**	CHT	**601.4**	19.19	-0.01	**-0.05**
21.78	12.96	**KT Corp**	KT	**533.2**	20.40	0.19	**0.94**
150.50	60.01	**POSCO**	PKX	**512.2**	118.49	-2.74	**-2.26**
9.82	6.20	**Telecom Corp of NZ**	NZT	**510.3**	7.53	-0.16	**-2.08**
16.49	13.11	**NTT DoCoMo**	DCM	**500.6**	15.78	0.04	**0.25**
37.23	22.73	**Honda Motor**	HMC	**480.6**	35.96	0.27	**0.76**
81.00	46.60	**China Life Ins**	LFC	**475.2**	70.90	-0.70	**-0.98**
41.87	21.60	**Telekom Indonesia**	TLK	**378.8**	35.61	-0.22	**-0.61**
25.65	6.46	**Yanzhou Coal Mining**	YZC	**375.7**	22.10	-0.18	**-0.81**
9.50	5.01	**Nomura Hldgs**	NMR	**342.3**	7.33	-0.08	**-1.08**
7.74	2.00	**Alumina**	AWC	**312.9**	6.20	-0.07	**-1.12**
135.92	75.25	**PetroChina**	PTR	**301.4**	116.68	-0.67	**-0.57**
17.19	10.77	**Matsushita Elec**	PC	**291.2**	14.93	0.05	**0.34**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

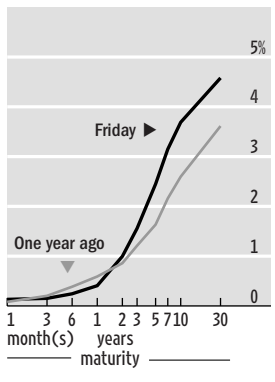
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 12 p.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points: Latest	Previous	Month ago	Year ago	YIELD: Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.875%**	**387.8**	387.4	376.2	**192.1**	**4.838%**	4.570%	**2.780%**
4.500	10	**5.670**	**197.5**	198.1	191.7	**168.3**	**5.655**	5.582	**4.290**
5.000	**Austria** 2	**1.317**	**32.0**	38.5	65.6	**30.0**	**1.349**	1.464	**1.159**
3.900	10	**3.534**	**-16.1**	-14.6	0.4	**158.8**	**3.528**	3.669	**4.195**
2.000	**Belgium** 2	**1.210**	**21.3**	13.2	49.3	**27.0**	**1.096**	1.301	**1.129**
3.750	10	**3.651**	**-4.4**	-3.3	9.9	**138.2**	**3.641**	3.764	**3.989**
1.500	**Canada** 2	**1.633**	**63.6**	60.9	35.7	**13.6**	**1.573**	1.165	**0.995**
3.750	10	**3.481**	**-21.4**	-22.1	-22.0	**9.4**	**3.453**	3.445	**2.701**
4.000	**Denmark** 2	**1.658**	**66.1**	67.9	99.8	**125.6**	**1.643**	1.806	**2.115**
4.000	10	**3.405**	**-29.0**	-27.1	-13.6	**85.2**	**3.403**	3.529	**3.459**
3.750	**France** 2	**0.963**	**-3.4**	-4.2	27.0	**64.4**	**0.922**	1.078	**1.503**
3.500	10	**3.444**	**-25.1**	-22.7	-13.0	**100.7**	**3.447**	3.535	**3.614**
1.250	**Germany** 2	**0.916**	**-8.1**	-5.4	16.8	**51.0**	**0.910**	0.976	**1.369**
3.250	10	**3.122**	**-57.3**	-53.9	-46.0	**45.1**	**3.135**	3.205	**3.058**
0.640	**Hong Kong** 2	**0.782**	**-21.5**	-21.8	-10.6	**-5.3**	**0.746**	0.702	**0.806**
2.160	10	**2.872**	**-82.3**	-82.8	-65.0	**-61.6**	**2.846**	3.015	**1.991**
5.000	**Italy** 2	**1.406**	**40.9**	42.6	74.4	**122.0**	**1.390**	1.552	**2.079**
4.250	10	**3.962**	**26.7**	27.2	39.2	**177.7**	**3.946**	4.057	**4.384**
0.200	**Japan** 2	**0.150**	**-84.7**	-80.9	-64.3	**-46.4**	**0.155**	0.165	**0.395**
1.400	10	**1.367**	**-232.8**	-230.4	-233.4	**-134.4**	**1.370**	1.331	**1.263**
2.500	**Netherlands** 2	**0.962**	**-3.5**	-5.5	25.7	**79.1**	**0.909**	1.065	**1.650**
3.500	10	**3.390**	**-30.5**	-27.5	-15.2	**114.8**	**3.399**	3.513	**3.755**
5.000	**Portugal** 2	**1.927**	**93.0**	88.3	81.5	**147.0**	**1.847**	1.623	**2.329**
4.800	10	**4.335**	**64.0**	63.2	81.6	**203.4**	**4.306**	4.481	**4.641**
5.350	**Spain** 2	**1.193**	**19.6**	17.8	65.3	**113.9**	**1.142**	1.461	**1.998**
4.000	10	**3.888**	**19.3**	21.9	37.5	**149.7**	**3.893**	4.040	**4.104**
2.750	**Switzerland** 2	**0.493**	**-50.4**	-46.8	-35.0	**-46.4**	**0.496**	0.458	**0.395**
2.250	10	**1.946**	**-174.9**	-175.9	-170.6	**-61.9**	**1.915**	1.959	**1.988**
3.250	**U.K.** 2	**1.069**	**7.2**	10.0	35.0	**51.8**	**1.064**	1.158	**1.377**
3.750	10	**3.953**	**25.8**	31.0	37.2	**42.2**	**3.984**	4.037	**3.029**
0.875	**U.S.** 2	**0.997**	**...**	...	...	**...**	**0.964**	0.808	**0.859**
3.625	10	**3.695**	**...**	...	...	**...**	**3.674**	3.665	**2.607**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN: Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.580%**	16.10	–0.55 %	1.82 %	1.82 %	–11.17 %
10-year Treasury	**3.689**	8.23	–0.59	2.06	2.06	–5.38
7 Year Treasury	**3.149**	6.21	–0.53	2.43	2.43	–1.11
Five-year Treasury	**2.449**	4.64	–0.64	1.73	1.73	0.24
Ryan Index	**2.737**	6.67	–0.51	1.65	1.65	–2.18
3 Year Treasury	**1.558**	2.92	–0.46	1.09	1.09	2.24
Two-year Treasury	**0.997**	1.93	–0.33	0.66	0.66	1.78
1 Year Treasury	**0.407**	0.97	–0.05	0.19	0.19	1.14
Six-month Treasury	**0.244**	0.50	–0.01	0.04	0.04	0.51
Ryan Cash Index-a	**0.234**	0.45	–0.01	0.07	0.07	0.51
Three-month bill	**0.152**	0.25	...	0.02	0.02	0.30
One-month bill	**0.132**	0.07	0.01	0.01	0.01	0.11

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	2.50
Japan	**1.475**	1.475
Britain	**0.50**	0.50
ECB	**1.00**	1.50
Switzerland	**0.52**	0.52
Australia	**4.00**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.24506%**	0.52188%
Three month	**0.27750**	1.22281
Six month	**0.42325**	1.75125
One year	**0.87563**	2.01375

	Latest	52 wks ago
Euro Libor		
One month	**0.36438%**	1.17250%
Three month	**0.58375**	1.56625
Six month	**0.89750**	1.73125
One year	**1.19500**	1.87438
Hibor		
One month	**0.07000**	0.29857%
Three month	**0.12000**	0.89714
Six month	**0.21929**	1.19643
One year	**0.53929**	1.59071
Asian dollars		
One month	**0.2460%**	0.53%
Three month	**0.2690**	1.2150
Six month	**0.4070**	1.7400
One year	**0.8710**	2.0020

	Offer	Bid
Eurodollars		
One month	**0.3500%**	0.2000%
Three month	**0.3700**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.6500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.24%**	0.23%
U.K. (BBA)	**0.517**	0.593
Euro zone	**0.29**	0.91

Sources: WSJ Market Data Group; Reuters

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	374.50	-1.50	-0.40%	714.00	325.00
Soybeans (cents/bu.)	CBOT	961.75	2.25	0.23%	1,087.50	819.75
Wheat (cents/bu.)	CBOT	483.75	-5.50	-1.12	745.00	472.00
Live cattle (cents/lb.)	CME	95.125	-0.050	-0.05	96.300	83.075
Cocoa ($/ton)	ICE-US	2,834	-59	-2.04	3,514	2,066
Coffee (cents/lb.)	ICE-US	132.50	-3.05	-2.25	190.40	118.30
Sugar (cents/lb.)	ICE-US	18.64	-0.39	-2.05	29.00	11.90
Cotton (cents/lb.)	ICE-US	82.18	-0.03	-0.04	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	2,583.00	33	1.29	3,600	1,486
Cocoa (pounds/ton)	LIFFE	2,198	-15	-0.68	2,356	1,475
Robusta coffee ($/ton)	LIFFE	1,258	-9	-0.71	1,605	1,212
Copper (cents/lb.)	COMEX	337.25	-2.30	-0.68	355.00	140.00
Gold ($/troy oz.)	COMEX	1107.60	-19.90	-1.76	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1703.20	-39.00	-2.24	1,949.50	916.00
Aluminum ($/ton)	LME	2,266.00	-13.00	-0.57	2,356.50	1,376.00
Tin ($/ton)	LME	17,725.00	25.00	0.14	18,250.00	10,035.00
Copper ($/ton)	LME	7,508.00	-2.00	-0.03	7,695.00	3,925.00
Lead ($/ton)	LME	2,236.00	-14.00	-0.62	2,615.00	1,247.00
Zinc ($/ton)	LME	2,318.00	-9.00	-0.39	2,659.00	1,244.00
Nickel ($/ton)	LME	22,675	375	1.68	22,950	9,475
Crude oil ($/bbl.)	NYMEX	80.97	-1.57	-1.90	132.95	52.95
Heating oil ($/gal.)	NYMEX	2.0891	-0.0438	-2.05	3.4240	1.3933
RBOB gasoline ($/gal.)	NYMEX	2.2543	-0.0442	-1.92	3.1200	1.4650
Natural gas ($/mmBtu)	NYMEX	4.228	0.075	1.81	10.430	4.114
Brent crude ($/bbl.)	ICE-EU	79.88	-1.60	-1.96	109.11	57.30
Gas oil ($/ton)	ICE-EU	661.50	-11.00	-1.64	691.50	512.75

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on March 19

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2262	0.1913	3.8625	0.2589
Brazil real	2.4344	0.4108	1.7992	0.5558
Canada dollar	1.3743	0.7276	1.0157	0.9845
1-mo. forward	1.3743	0.7276	1.0157	0.9845
3-mos. forward	1.3743	0.7276	1.0157	0.9845
6-mos. forward	1.3749	0.7273	1.0161	0.9841
Chile peso	715.29	0.001398	528.65	0.001892
Colombia peso	2579.05	0.0003877	1906.10	0.0005246
Ecuador US dollar-f	1.3530	0.7391	1	1
Mexico peso-a	16.9946	0.0588	12.5602	0.0796
Peru sol	3.8400	0.2604	2.8380	0.3524
Uruguay peso-e	26.452	0.0378	19.550	0.0512
U.S. dollar	1.3530	0.7391	1	1
Venezuela bolivar	5.81	0.172091	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.4770	0.6771	1.0916	0.9161
China yuan	9.2367	0.1083	6.8266	0.1465
Hong Kong dollar	10.4988	0.0952	7.7594	0.1289
India rupee	61.3405	0.0163	45.3350	0.0221
Indonesia rupiah	12409	0.0000806	9172	0.0001090
Japan yen	122.44	0.008167	90.50	0.011050
1-mo. forward	122.42	0.008169	90.47	0.011053
3-mos. forward	122.37	0.008172	90.44	0.011057
6-mos. forward	122.26	0.008180	90.36	0.011067
Malaysia ringgit-c	4.4732	0.2236	3.3060	0.3025
New Zealand dollar	1.9089	0.5239	1.4108	0.7088
Pakistan rupee	113.724	0.0088	84.050	0.0119
Philippines peso	61.591	0.0162	45.520	0.0220
Singapore dollar	1.8924	0.5284	1.3987	0.7150
South Korea won	1533.80	0.0006520	1133.59	0.0008822
Taiwan dollar	42.946	0.02329	31.740	0.03151
Thailand baht	43.710	0.02288	32.305	0.03095

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7391	1.3531
1-mo. forward	1.0000	1.0000	0.7391	1.3531
3-mos. forward	1.0000	1.0000	0.7390	1.3531
6-mos. forward	1.0001	0.9999	0.7392	1.3529
Czech Rep. koruna-b	25.351	0.0394	18.736	0.0534
Denmark krone	7.4424	0.1344	5.5005	0.1818
Hungary forint	264.03	0.003787	195.14	0.005125
Norway krone	7.9757	0.1254	5.8946	0.1696
Poland zloty	3.8904	0.2570	2.8753	0.3478
Russia ruble-d	39.651	0.02522	29.305	0.03412
Sweden krona	9.6914	0.1032	7.1627	0.1396
Switzerland franc	1.4363	0.6963	1.0615	0.9421
1-mo. forward	1.4358	0.6965	1.0612	0.9423
3-mos. forward	1.4350	0.6969	1.0606	0.9429
6-mos. forward	1.4337	0.6975	1.0596	0.9438
Turkey lira	2.0804	0.4807	1.5376	0.6504
U.K. pound	0.9012	1.1097	0.6660	1.5014
1-mo. forward	0.9013	1.1095	0.6661	1.5012
3-mos. forward	0.9016	1.1091	0.6664	1.5007
6-mos. forward	0.9020	1.1087	0.6666	1.5001
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5101	1.9603	0.3770	2.6523
Egypt pound-a	7.4161	0.1348	5.4810	0.1824
Israel shekel	5.0583	0.1977	3.7385	0.2675
Jordan dinar	0.9576	1.0443	0.7078	1.4129
Kuwait dinar	0.3904	2.5618	0.2885	3.4662
Lebanon pound	2031.60	0.0004922	1501.50	0.0006660
Saudi Arabia riyal	5.0741	0.1971	3.7502	0.2667
South Africa rand	9.9363	0.1006	7.3436	0.1362
United Arab dirham	4.9693	0.2012	3.6727	0.2723
SDR -f	0.8853	1.1295	0.6543	1.5283

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
28	**ASIA-PACIFIC**	DJ Asia-Pacific	127.80	0.59	0.46%	3.9%	54.6%
...	Australia	SPX/ASX 200	4872.23	9.12	0.19	...	40.6
27	China	CBN 600	27415.59	202.39	0.74	-5.6	40.4
17	Hong Kong	Hang Seng	21370.82	40.15	0.19	-2.3	66.5
20	India	Sensex	17578.23	58.97	0.34	0.6	96.0
...	Indonesia	Jakarta Composite	2742.974	5.732	0.21	8.2	101.6
...	Japan	Nikkei Stock Average	10824.72	80.69	0.75	2.6	36.2
...		Topix	948.93	8.14	0.87	4.6	24.1
...	Malaysia	Kuala Lumpur Composite	1296.60	-5.34	-0.41%	1.9	51.3
...	New Zealand	NZSX-50	3230.404	9.718	0.30	...	24.3
8	Pakistan	KSE 100	10000.93	-6.94	-0.07	6.5	57.7
14	Philippines	Manila Composite	3097.23	-3.72	-0.12	1.5	68.9
...	Singapore	Straits Times	2915.70	1.76	0.06	0.6	82.6
11	South Korea	Kospi	1686.11	10.94	0.65	0.2	44.0
20	Taiwan	Weighted	7897.91	11.57	0.15	-3.5	59.2
10	Thailand	SET	774.59	15.57	2.05	5.5	80.3
...	**EUROPE**	Stoxx Europe 600	260.20	-1.00	-0.38	2.8	50.8
...		Stoxx Europe 50	2598.57	-15.62	-0.60	0.8	47.2
...	**Euro Zone**	Euro Stoxx	273.50	-1.17	-0.43%	-0.5%	44.7%
13		Euro Stoxx 50	2897.95	-15.79	-0.54	-2.3	41.3
...	Denmark	OMX Copenhagen	355.16	1.59	0.45%	12.5	71.2
21	Finland	OMX Helsinki	7187.36	-57.98	-0.80	11.3	55.4
17	France	CAC-40	3925.44	-12.74	-0.32	-0.3	40.6
17	Germany	DAX	5982.43	-29.88	-0.50	0.4	47.0
14	Italy	FTSE MIB	22687.30	-97.85	-0.43	-2.4	51.8
...	Netherlands	AEX	338.65	-3.30	-0.97	1.0	59.2
...	Russia	RTSI	1544.71	-14.09	-0.90	8.3	121.6
10	Spain	IBEX 35	10990.8	-82.7	-0.75	-7.9	42.6
16	Switzerland	SMI	6880.76	-16.98	-0.25	5.1	43.7
...	Turkey	ISE National 100	53436.96	-97.43	-0.18	1.2	122.3
14	U.K.	FTSE 100	5650.13	7.51	0.13	4.4	47.0
18	**AMERICAS**	DJ Americas	308.67	-2.08	-0.67	4.1	56.9
...	Brazil	Bovespa	68828.98	-868.35	-1.25	0.4	71.7
...	Argentina	Merval	2381.10	8.23	0.35	2.6	122.6
19	Mexico	IPC	33022.84	53.01	0.16	2.8	70.5

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 5:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.19%	19	**Global TSM**	2372.83	-11.16	-0.47%	2.4%	57.0%	-5.8%
1.92	19	**Global DOW**	2001.01	-8.35	-0.42	0.8	52.4	-2.6
2.43	15	**Global Titans 50**	172.19	-0.95	-0.55	-0.8	41.0	-8.1
2.18	25	**Asia/Pacific TSM**	1263.27	5.90	0.47	3.9	59.7	-3.8
2.42	15	**Asia/Pacific ex-Japan TSM**	3118.32	6.51	0.21	1.4	87.2	2.4
2.78	14	**Europe TSM**	2596.79	-24.06	-0.92	-3.0	51.9	-10.2
1.86	14	**Emerging Markets TSM**	4132.43	-15.24	-0.37	1.9	89.5	3.5
2.45	33	**Asian Titans 50**	139.39	0.85	0.61	3.8	53.0	-5.7
6.37	6	**BRIC 50**	589.61	-2.47	-0.42	-1.4	84.9	8.2
0.86	27	**CBN China 600** -c	27415.59	202.39	0.74	-5.6	40.4	9.1
2.35	18	**China Offshore 50**	3982.17	8.79	0.22	-2.3	57.7	8.8
0.89	30	**Shanghai** -c	370.63	2.60	0.71	-4.4	41.8	9.3

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
0.56%	46	**Shenzhen** -c	406.05	3.70	0.92%	-2.5%	55.8%	15.0%
1.84	22	**U.S. TSM**	11933.68	-72.86	-0.61	4.8	54.2	-5.5
4.83	14	**Global Select Div** -d	198.54	-1.54	-0.77	-1.7	80.5	-9.5
5.34	14	**Asia/Pacific Select Div** -d	273.43	-1.12	-0.41	1.8	94.9	-9.5
3.70	14	**Hong Kong Select Div** -d	197.40	-0.12	-0.06	5.3	64.3	2.7
4.23	15	**U.S. Select Dividend** -d	330.01	-1.15	-0.35	4.5	51.3	-12.7
1.80	15	**Islamic Market**	2010.79	-9.61	-0.48	1.8	49.8	-1.1
2.00	15	**Islamic Market 100**	2130.20	-7.59	-0.36	0.4	38.5	-1.7
2.60	17	**Islamic China/HK Titans 30**	1526.09	-1.01	-0.07	2.7	57.0	4.2
1.55	12	**Sustainability Korea**	1227.81	9.89	0.81	1.9	83.2	1.4
3.40	17	**Brookfield Infrastructure**	2043.86	-18.36	-0.89	0.8	46.4	-3.7
		DJ-UBS Commodity -p	132.38	-1.18	-0.88	-4.9	17.4	-7.4

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.092	0.666	1.016	6.827	0.739	7.759	45.335	9171.79	90.495	1.411	1133.58	3.306	45.520	1.399	1.061	31.740	32.305
Australia	0.916		0.610	0.930	6.254	0.677	7.108	41.531	8402.27	82.902	1.292	1038.47	3.029	41.701	1.281	0.972	29.077	29.595
Britain	1.501	1.639		1.525	10.250	1.110	11.650	68.068	13770.98	135.874	2.118	1702.02	4.964	68.346	2.100	1.594	47.656	48.504
Canada	0.985	1.075	0.656		6.721	0.728	7.639	44.634	9030.02	89.096	1.389	1116.06	3.255	44.816	1.377	1.045	31.249	31.806
China	0.1465	0.160	0.098	0.149		0.108	1.137	6.641	1343.55	13.256	0.207	166.05	0.484	6.668	0.205	0.155	4.649	4.732
Euro	1.353	1.477	0.901	1.374	9.237		10.499	61.341	12409.89	122.444	1.909	1533.79	4.473	61.591	1.892	1.436	42.946	43.710
Hong Kong	0.129	0.141	0.086	0.131	0.880	0.095		5.843	1182.03	11.663	0.182	146.09	0.426	5.866	0.180	0.137	4.091	4.163
India	0.0221	0.0241	0.0147	0.0224	0.1506	0.0163	0.1712		202.31	1.9961	0.0311	25.00	0.0729	1.0041	0.0309	0.0234	0.7001	0.7126
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0099	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0035
Japan	0.011	0.012	0.007	0.011	0.075	0.008	0.086	0.501	101.35		0.016	12.53	0.037	0.503	0.015	0.012	0.351	0.357
New Zealand	0.709	0.774	0.472	0.720	4.839	0.524	5.500	32.133	6500.96	64.143		803.48	2.343	32.265	0.991	0.752	22.497	22.898
South Korea	0.0009	0.0010	0.0006	0.0009	0.0060	0.0007	0.0068	0.0400	8.09	0.0798	0.0012		0.0029	0.0402	0.0012	0.0009	0.0280	0.0285
Malaysia	0.302	0.330	0.201	0.307	2.065	0.224	2.347	13.713	2774.29	27.373	0.427	342.89		13.769	0.423	0.321	9.601	9.772
Philippines	0.022	0.024	0.015	0.022	0.150	0.016	0.170	0.996	201.49	1.988	0.031	24.90	0.073		0.031	0.023	0.697	0.710
Singapore	0.715	0.780	0.476	0.726	4.881	0.528	5.548	32.413	6557.60	64.702	1.009	810.48	2.364	32.546		0.759	22.693	23.097
Switzerland	0.942	1.028	0.627	0.957	6.431	0.696	7.310	42.708	8640.40	85.252	1.329	1067.91	3.114	42.883	1.318		29.901	30.433
Taiwan	0.032	0.034	0.021	0.032	0.215	0.023	0.244	1.428	288.97	2.851	0.044	35.71	0.104	1.434	0.044	0.033		1.018
Thailand	0.031	0.034	0.021	0.031	0.211	0.023	0.240	1.403	283.91	2.801	0.044	35.09	0.102	1.409	0.043	0.033	0.983	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 19, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	23	**ALL COUNTRY (AC) WORLD***	306.20	0.48%	**2.3%**	63.6%
2.50	24	**World (Developed Markets)**	1,196.71	0.48	**2.4**	59.4
1.80	83	**World Small Cap**	203.63	0.55	**7.1**	83.7
2.50	21	**Kokusai (World ex-Japan)**	1,182.65	0.45	**2.0**	62.4
3.00	23	**EAFE**	1,578.60	0.89	**-0.1**	58.2
2.20	20	**Emerging Markets (EM)**	1,001.51	0.42	**1.2**	100.6
2.50	23	**AC ASIA PACIFIC EX-JAPAN**	420.69	0.26	**1.0**	96.4
2.20	22	**AC Far East ex-Japan**	449.70	0.34	**-0.1**	87.0
1.70	145	**Japan**	588.17	-0.77	**3.5**	26.0
2.00	19	**China**	63.61	-0.20	**-1.9**	75.5
0.90	37	**China A (China Domestic)**	3,130.73	-0.11	**-7.4**	53.5
2.60	23	**Hong Kong**	10,440.56	-0.14	**2.6**	66.5
0.90	20	**India**	716.28	0.26	**1.3**	110.7
1.30	16	**Korea**	473.49	-0.56	**-1.5**	62.4
2.30	20	**Malaysia**	476.67	-0.01	**1.5**	43.9
3.10	17	**Singapore**	1,615.60	-0.19	**-0.6**	80.3
2.70	234	**Taiwan**	282.47	0.27	**-4.5**	63.7
3.30	18	**Thailand**	314.33	-1.16	**4.2**	78.6
3.60	25	**Australia**	1,005.30	0.13	**0.4**	45.7
5.00	16	**New Zealand**	84.36	1.04	**-3.3**	15.5
1.90	28	**US BROAD MARKET**	1,302.89	0.12	**5.3**	62.2
3.40	16	**EUROPE**	90.68	-0.05	**2.7**	50.0

*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Friday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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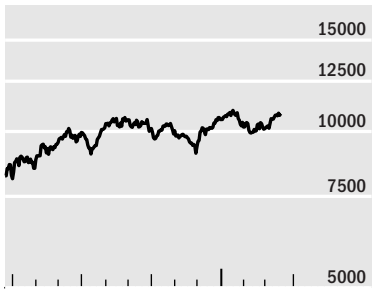
Asian index movers...

Nikkei Stock Average

Japan 10824.72

▲ **0.75% or 80.69**

Exporters underpinned the market on the yen's retreat. Toyota rose 2% and Sony gained 2.6%. The index rose 0.7% for the week, its sixth consecutive weekly gain.



Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**120.75**	192	2	1.05
Hitachi	**71.01**	326	–1	–0.31
Toshiba	**54.89**	450	3	0.67
Mtshbsh Fin Grp	**42.61**	475	2	0.42
NEC	**27.83**	264	unch	...

CBN 600

China 27415.59

▲ **0.74% or 202.39**

Property developers climbed on a policy change in Beijing and fading concern over a rate increase. The 2.3% climb for the week was the best weekly showing in a month.

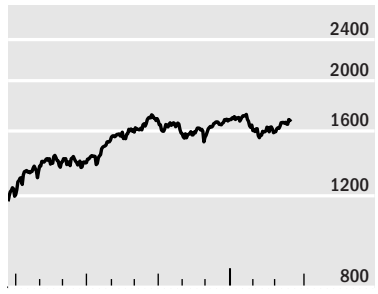
Stock	Volume in millions	Close	Change Net	Change %
JiangsuChElecTech	**248.41**	10.77	0.18	1.70
InsigmaTech	**137.57**	7.99	0.01	0.13
FounderTech	**98.05**	5.80	–0.03	–0.51
ChinaSouthernAir	**86.12**	7.20	0.29	4.20
Aluminium Corp	**82.05**	13.65	1.24	9.99

Kospi

South Korea 1686.11

▲ **0.65% or 10.94**

The index closed at its highest level since Jan. 21 as it extended its string of weekly gains to six. Friday, auto stocks rose on optimism about U.S. sales.



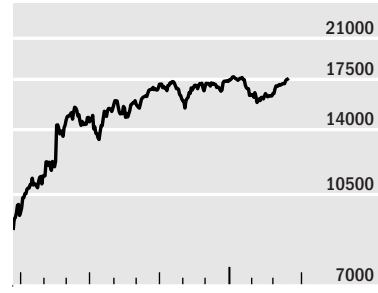
Stock	Volume in millions	Close	Change Net	Change %
Hbe Energy	**80.21**	85.00	–10.00	–10.53
Samyang Optics	**25.44**	1,660.00	–70.00	–4.05
Hyundae Metal	**21.65**	675.00	55.00	8.87
Hansol Homedeco	**15.68**	2,085.00	180.00	9.45
Woongjin Chem	**14.21**	1,165.00	55.00	4.95

Sensex

India 17578.23

▲ **0.34% or 58.97**

The market closed before the country's central bank announced a surprise interest-rate increase. The index gained 2.4% for the week, its sixth consecutive weekly gain.



Stock	Volume in millions	Close	Change Net	Change %
Jaiprak Asso-A	**1.71**	153.40	1.20	0.79
Sterlite (I)-A	**1.60**	825.15	–0.15	–0.02
Bharti Airtel-A	**1.44**	311.85	11.85	3.95
Dlf-A	**1.37**	312.70	–4.30	–1.36
Hindalco-A	**1.35**	175.50	–0.75	–0.43

Asian stocks in the news

Parkson Retail

Hong Kong HK$13.92

▲ **3.9% or HK$0.52**

Standard & Poor's revised its outlook to "positive" from "stable" and affirmed its credit rating.

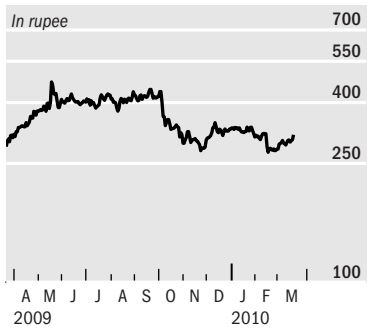
		Daily	1 wk.	52 wks
Price-to-earnings ratio	**38**			
Earnings per share, past four quarters	**0.37**			
Dividend yield	**1.2**			
		PERCENTAGE CHANGE		
Retail		**0.5%**	1.1%	59.6%
Parkson Retail		**3.9%**	5.3%	81.0%

Bharti Airtel

India 311.85 rupee

▲ **4.0% or 11.85 rupee**

Mobile operators gained on hopes an auction of 3G frequency spectrum will lead to revenue growth.



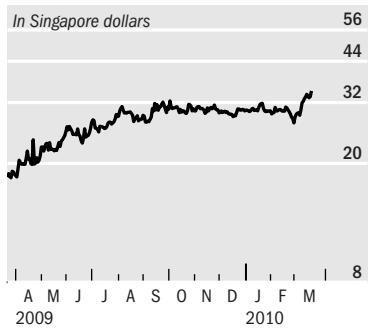
		Daily	1 wk.	52 wks
Price-to-earnings ratio	**13**			
Earnings per share, past four quarters	**24.48**			
Dividend yield	**0.3**			
		PERCENTAGE CHANGE		
Telecommunications		**0.3%**	1.1%	25.2%
Bharti Airtel		**4.0%**	4.3%	9.6%

Jardine Matheson

Singapore S$35.00

▲ **4.5% or S$1.50**

Recent fiscal year 2009 results and share-buyback plans boosted investor sentiment.



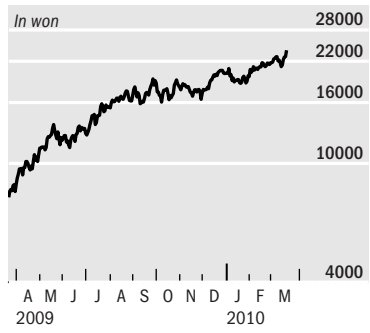
		Daily	1 wk.	52 wks
Price-to-earnings ratio	**8**			
Earnings per share, past four quarters	**4.48**			
Dividend yield	**2.6**			
		PERCENTAGE CHANGE		
Indus Gds & Svcs		**0.7%**	1.3%	70.7%
Jardine Matheson		**4.5%**	4.8%	94.4%

Kia Motors

Korea 23,950 won

▲ **5.0% or 1,150 won**

Shares rallied on expectations the auto maker will increase its U.S. market share.



		Daily	1 wk.	52 wks
Price-to-earnings ratio	**6**			
Earnings per share, past four quarters	**3960.72**			
Dividend yield	**1.0**			
		PERCENTAGE CHANGE		
Automobiles & Parts		**1.6%**	2.6%	60.5%
Kia Motors		**5.0%**	13.5%	211.0%

Kasikornbank

Thailand 96.0 baht

▲ **5.2% or 4.8 baht**

Investors snapped up banks and energy shares on renewed confidence in the Thai economy.

		Daily	1 wk.	52 wks
Price-to-earnings ratio	**15**			
Earnings per share, past four quarters	**6.22**			
Dividend yield	**2.6**			
		PERCENTAGE CHANGE		
Banks		**0.4%**	1.6%	58.7%
Kasikornbank		**5.2%**	8.8%	120.7%

Sino-Ocean Land

Hong Kong HK$7.03

▼ **2.8% or HK$0.20**

Shares fell on concerns Cosco International Holdings may have to reduce its stake in company.

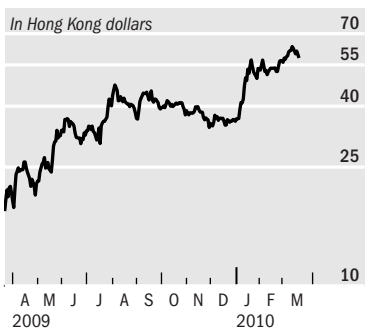
		Daily	1 wk.	52 wks
Price-to-earnings ratio	**19**			
Earnings per share, past four quarters	**0.38**			
Dividend yield	**1.6**			
		PERCENTAGE CHANGE		
Real Estate		**0.1%**	0.9%	69.5%
Sino-Ocean Land		**-2.8%**	-7.3%	53.5%

Orient Overseas

Hong Kong HK$58.00

▼ **2.8% or HK$1.70**

The container shipper swung to a loss for '09 due to the "worst market conditions ever experienced."



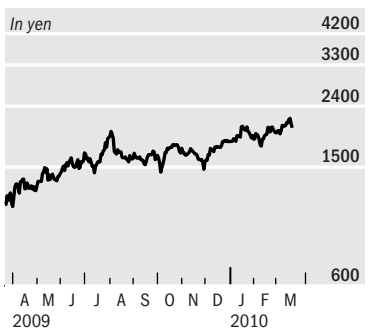
		Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-1.46**			
Dividend yield	**0.6**			
		PERCENTAGE CHANGE		
Indus Gds & Svcs		**0.7%**	1.3%	70.7%
Orient Overseas		**-2.8%**	-7.2%	225.8%

Nikon

Japan ¥2,031

▼ **3.0% or ¥63**

Goldman Sachs cut it to "neutral" and removed the camera maker from its "conviction buy" list.



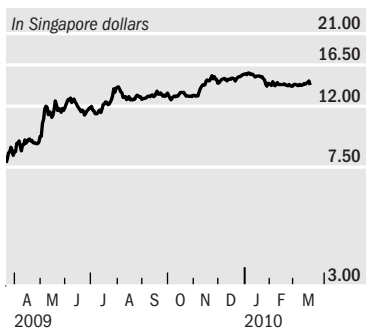
		Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-42.40**			
Dividend yield	**0.4**			
		PERCENTAGE CHANGE		
Personal & Hshld Gds		**1.0%**	1.8%	50.6%
Nikon		**-3.0%**	-4.1%	88.1%

DBS Grp Hldgs

Singapore S$14.12

▼ **3.2% or S$0.46**

Traders cited profit-taking following a three-day run-up in the bank's shares.



		Daily	1 wk.	52 wks
Price-to-earnings ratio	**16**			
Earnings per share, past four quarters	**0.90**			
Dividend yield	**4.0**			
		PERCENTAGE CHANGE		
Banks		**0.4%**	1.6%	58.7%
DBS Grp Hldgs		**-3.2%**	-1.3%	82.2%

Esprit Hldgs

Hong Kong HK$60.40

▼ **3.2% or HK$2.00**

The retailer fell amid renewed concerns that Greece's debt problems will slow euro zone recovery.

		Daily	1 wk.	52 wks
Price-to-earnings ratio	**15**			
Earnings per share, past four quarters	**3.98**			
Dividend yield	**2.4**			
		PERCENTAGE CHANGE		
Retail		**0.5%**	1.1%	59.6%
Esprit Hldgs		**-3.2%**	5.2%	34.5%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

India's unsurprising interest-rate surprise

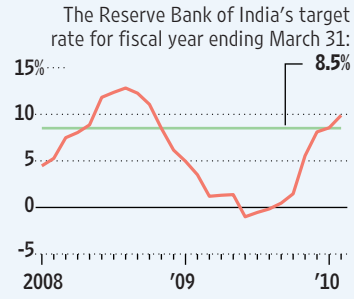
A surprise offensive by the Reserve Bank of India? Hardly.

The central bank on Friday raised its key lending and borrowing rates by 0.25 percentage point each. The move comes between scheduled meetings and a month sooner than most economists expected.

If anything, though, the rate increases come later than they should have. Inflation already is taking a bite out of India's economy. Wholesale prices, the most watched gauge of inflation rose nearly 10% from a year earlier in February. Consumer prices are rising at closer to 17%.

This won't be a temporary phenomenon. Surging food prices, thanks to scant rains last year, have been driving gains so far. Booming manufacturing activity, a pickup in economic growth and rising fuel prices will push inflation higher as the year grinds on. So will New Delhi's ongoing social and infrastructure spending plans.

European Pressphoto Agency



Left: A shopkeeper shuffles grains put in gunny bags in Mumbai.

The increase means the central bank is no longer able to overlook this in the name of ensuring economic recovery. Until now, it had held off meaningful tightening—though it did ask banks to set more cash aside as reserves in January—despite the fact that inflation was running above its own twice-raised forecasts. It now says containing inflation is "imperative."

Investors may find themselves wrestling with a worried central bank that is squeezing rate increases into a short time span. For one thing, rates now sit only marginally above historic low levels. Economists estimate rates will have to rise by 1.75 percentage points more to reach a neutral level.

Policy doves, including some in New Delhi, counter that food prices, which are showing signs of cooling, will moderate by July. But that, in part, is contingent on a better winter harvest and the rainfall being normal this year. Other causes of food-price inflation—a tattered distribution network and poor supply management—won't be fixed so quickly.

The Reserve Bank's battle against inflation has always been a lonely one. It is about time the central bank picked it up again.

—Harsh Joshi

Rio Tinto, Beijing pull in their claws, for the present

Rio Tinto fell out spectacularly with **Aluminum Corp. of China**, or Chinalco, last year, but powerful forces are bringing the two together again.

China increasingly needs long-term supplies of raw materials, particularly iron ore and copper. The Anglo-Australian mining group has projects to obtain those commodities in Guinea and Mongolia but doesn't have the finances to develop them at full speed. So let bygones be bygones.

The two companies agreed Friday to co-develop Rio's Simandou iron-ore project in Guinea. The deal was inked as Rio Chief Executive Tom Albanese arrived in Beijing for the weekend's annual Chinese Development Forum. Chinalco will take a 47% stake in a joint venture to develop the mine at a cost of $1.35 billion. That suits both sides well: Rio's net debt of $18.9 billion has made undertaking big, politically risky projects like Simandou a tall order—it might eventually require an investment of more than $10 billion, given the transport infrastructure needed to get the iron ore to market. Chinalco's deep pockets and access to cheap Chinese civil-engineering expertise will help in a politically unstable part of Africa.

In a further sign of a spring thaw in the frosty relationship, a leaked Chinese government report last week absolved Rio and the Australian government of blame for the collapse of Chinalco's effort last year to buy a $19.5 billion stake in Rio.

Still, relations between Rio, Beijing and Canberra can hardly be considered normal, with four of the company's executives, one an Australian national, due to face trial Monday in Shanghai on charges of stealing commercial secrets and taking bribes. The Australian government is worried the men won't get a fair hearing.

China also is threatening an anti-trust investigation of Rio's planned Pilbara iron-ore joint venture with **BHP Billiton**, the deal Rio opted for when it abandoned the complex tie-up it had previously agreed to with Chinalco. Steelmakers argue that the joint venture will give the miners too much bargaining power. They cite the 80% to 90% price increases that iron-ore producers want in this year's annual iron-ore negotiations.

China needs long-term supplies of iron ore, while Rio Tinto's heavy debt load makes financing big, politically risky projects like the one in Guinea a tall order.

But both sides have an interest in putting aside their differences—not least China's steel industry, which is hungry for cheap, reliable supplies of iron ore. Joint ventures like the one in Guinea offer Chinalco much of the industrial benefits of the original deal without any of the political complications that made it so problematic for Rio.

Rio just should keep its celebrations on hold until convinced the men in the dock in Shanghai will get a fair hearing.

—Matthew Curtin and Andrew Peaple

delta lloyd
EUR 904,500,000
Dutch RMBS
Due November 2041
Joint Bookrunner
December 2009

noble group
USD 850,000,000
6.750% 144A / Reg S
Senior Notes Due 2020
Joint Bookrunner
October 2009

PEPSICO
USD 4,250,000,000
Floating Rate Notes Due 2011
3.100% Senior Notes Due 2015
4.500% Senior Notes Due 2020
5.500% Senior Notes Due 2040
Joint Bookrunner
January 2010

Telefónica
EUR 1,750,000,000
4.693% Fixed Rate Notes
Due November 2019
Joint Bookrunner
October 2009

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MANAGEMENT

Today's leadership style: collaborative

Empowering employees at all levels is replacing 'command and control' structure to achieve superior performance

By Bill George

A revolution is reshaping America's best-led companies. Authentic leaders focused on customers are replacing the old guard of hierarchical leaders who concentrated on serving short-term shareholders. The old "command-and-control" style is being replaced with an empowering, collaborative style.

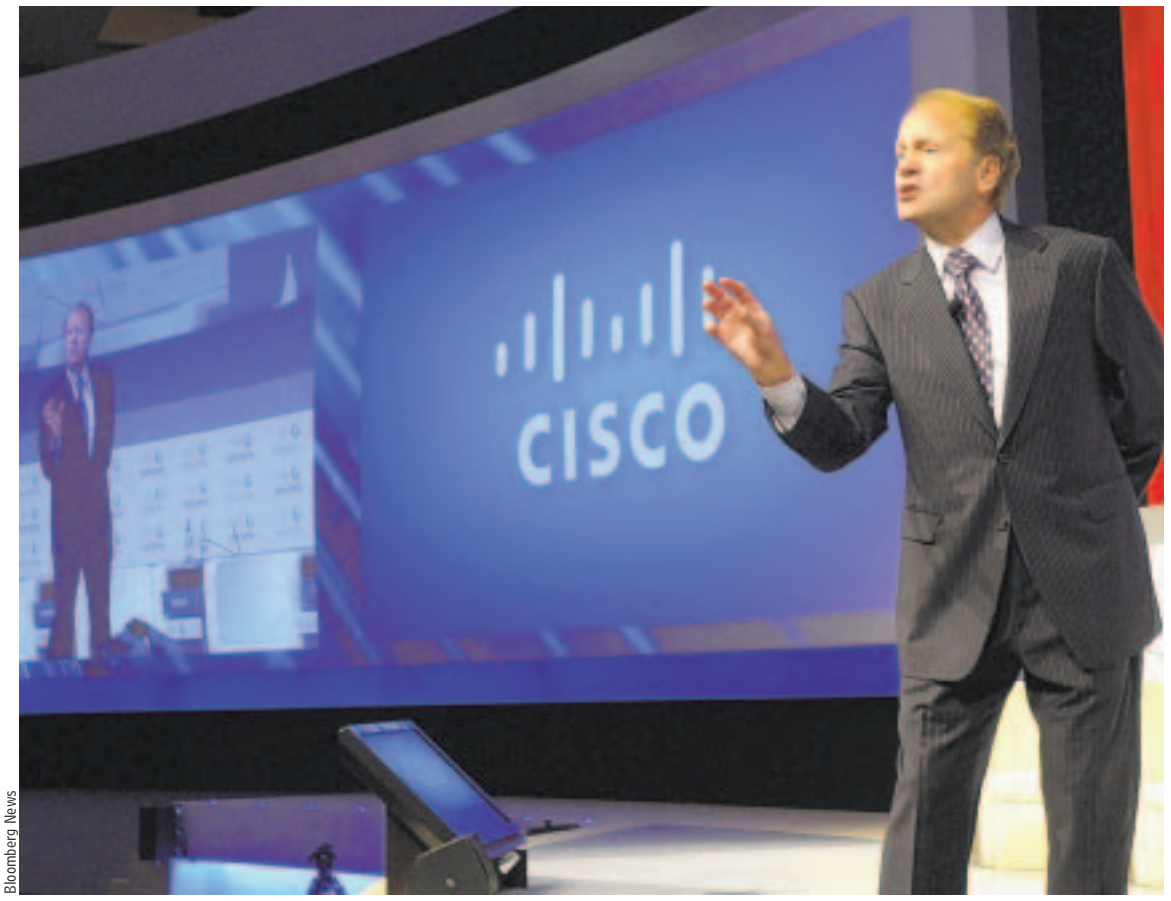
During the last half of the 20th century, business leadership became an elite profession, dominated by leaders who ruled their enterprises top down. Influenced by two World Wars and the Depression, organizational hierarchies were structured like military models.

Their leaders used multi-layered structures to establish control through rules and processes. People climbed hierarchies in search of power, status, money and perquisites. As stock holding periods dropped from eight years to six months, hierarchical leaders focused on generating short-term results, often to the exclusion of long- term growth.

In the past decade it all blew up, from the ethical scandals exposed by Enron and WorldCom to the Wall Street meltdown. As a result, people lost trust in business leaders to build sustainable institutions instead of serving themselves and short-term shareholders.

In my 1960s class at Harvard Business School our professor cited the Department of Defense and Catholic Church as the most iconic organizations. Business followed their lead, as **General Electric**, **General Motors**, **AT&T** and **Sears** became their role models.

By century's end, the latter three were in long-term decline, while GE was revolutionized by Jack Welch. Hundreds of other organizations like **Kodak**, **Motorola** and **Westinghouse** followed similar patterns of self-destruction. The hierarchical model simply wasn't working.



Bloomberg News

Cisco CEO John Chambers, pictured at a forum in Saudi Arabia in January, is a role model for a new leadership style

In retrospect, it seems obvious people weren't responding to "top down" leadership. Why not?

To lead in this new century, we need authentic leaders who align people around mission and values, empower leaders at all levels, focus on serving customers, and collaborate throughout the organization, in order to achieve superior performance.

Aligning: The leader's most difficult task is to align people around the organization's mission and shared values. Gaining alignment takes regular engagement with employees at all levels. It is especially difficult in far-flung global organizations where local employees may be more loyal to native cultures than their employers, especially regarding business practices and customer relationships.

Global organizations thought they could solve this problem with rulebooks, training programs and compliance systems, and were shocked when people deviated. Aligned employees committed to the mission and values, and want to be part of something greater than themselves, form an enduring organization that is resilient through crises.

Empowering: Hierarchical leaders exert power over others and delegate limited amounts. These days that isn't leadership at all. Authentic leaders recognize they need leaders at all levels, especially on the front lines, where people must lead effectively without direct reports.

The leader's job is to empower people at all levels to step up and lead. Empowered leaders need sophisticated accountability systems with closed-loop management to ensure commitments are met.

Serving: Leaders' first obligation is not to their shareholders, but rather to their customers. Any organization that does not provide its customers with superior value relative to competitors will find itself going out of business. Employees are much more motivated to provide customers with superior products and services than to increase stock prices.

Collaborating: The challenging problems businesses face these days are too complex to be solved by individuals or single organizations. Collaboration—within the organization and with customers, suppliers, and even competitors—is required to achieve lasting solutions. Leaders must foster this collaborative spirit by eliminating internal politics and parochialism and focusing on cooperation internally to be competitive externally.

The ultimate measure of 21st century leaders is superior results. In today's business world, organizations filled with aligned, empowered and collaborative employees focused on serving customers will outperform a hierarchical organization every time. Top-down leaders may achieve near-term results, but only authentic leaders can galvanize the entire organization to sustain long-term performance.

Examples abound of organizations—**Procter & Gamble**, **IBM**, **Novartis**, **Cisco**, **Genentech**, **Intel**, **General Mills**, **PepsiCo** and **Avon Products**, to name a few—demonstrating that 21st century leadership creates lasting shareholder value. Authentic leaders like IBM's Sam Palmisano, Cisco's John Chambers, PepsiCo's Indra Nooyi, General Mills' Ken Powell and Avon's Andrea Jung are the new role models for modern corporations. We need them to rebuild the trust that has been lost and to validate that capitalism is still the best economic system.

Bill George is professor of management practice at Harvard Business School and author of "7 Lessons for Leading in Crisis,"True North" and "Authentic Leadership." The former chair and CEO of Medtronic, he currently serves on the boards of ExxonMobil and Goldman Sachs and previously, Novartis and Target.

The Power List

The top business leaders in Asia making headlines last week in select global and regional media. Powered by Dow Jones Factiva and edited for relevance and clarity.

ERIC SCHMIDT

Chief Executive
Google

China's top Internet regulator warned Mr. Schmidt's company that it will "have to bear the consequences" if it stops censoring searches there.

MUKESH AMBANI

Chairman
Reliance Industries

Reliance may pay between $1 billion to $1.5 billion for a stake in a large U.S. natural gas field.

PANSY HO

Partner
MGM Grand Paradise

New Jersey gambling regulators said MGM Mirage knew Ms. Ho, its joint venture partner, could be too influenced by "unsuitable persons" through her father, gambling magnate Stanley Ho. Mr. Ho denied such ties, and Ms. Ho says she is independent of her father.

AKIO TOYODA

President
Toyota Motor

Mr. Toyoda apologized on his blog for problems tied to the global recall of 8.5 million Toyota vehicles.

CARLOS GHOSN

Chief Executive
Renault

Renault won't terminate its vehicle manufacturing alliance with Mahindra & Mahindra but has shelved a plan to produce a seven-seater multipurpose vehicle with the Indian company.

Photos: Bloomberg News (Schmidt, Toyoda, Ghosn); European Pressphoto Agency (Ambani); Associated Press (Ho)

Compiled by Carlos Tejada/ The Wall Street Journal

MANAGEMENT

Talent holds key to growth in Asia for Gerson Lehrman boss

For David Legg, finding the right staff is the number one challenge; balancing investment with sustainability

[David Legg]
Managing Director

MANAGING IN ASIA

Gerson Lehrman Group dominates the U.S. expert networking industry—consultancy-type services that link up hedge funds and private equity groups with experts in the areas they want to invest. The 12-year old company boasts a database of almost 300,000 "experts"—from former ambassadors, to factory owners, to scientists.

The task for Gerson Lehrman's David Legg, managing director for Asia and Europe, is to grow operations away from home without letting high standards slip.

GLG landed in Hong Kong in 2005. Revenue from Asia accounts today for about 25% of GLG's global revenue of about US$240 million last year, according to a person familiar with the company.

Meanwhile, the U.S. market for expert networking is facing challenges. The financial crisis squeezed potential clients, and there are lingering regulatory questions for the industry, especially since the Galleon insider-trading case threw up concerns about the way investors source information. (GLG has not been implicated in the case.) Expansion overseas is likely taking on even more importance.

The company has moved quickly into Shanghai, Tokyo, Singapore and Sydney in the last few years. Further Asian office openings are planned.

Duncan Mavin spoke to Mr. Legg in Hong Kong. The following interview has been edited.

Berton Chang

WSJ: What's the biggest challenge to your efforts to continue expanding in Asia?

Mr. Legg: Number one is finding the right talent. And number two is balancing our investment with long-term sustainability. When I set up an office I have to put somebody in it I absolutely trust. They have to have a track record of excellence—whether academically or in sports, or whatever they've taken on. They also have to have had some failure—and they will be more comfortable operating in Asia, because you are going to fail here part of the time.

WSJ: Thinking about the situation with Rio Tinto's employees facing charges in China of stealing industrial secrets, do you have concerns about running a business here that provides clients with access to hard-to-get research?

Mr. Legg: Our clients care a lot about making sure they are investing correctly by way of the government. We are offering them a process where all the boxes are checked to the strictest regulatory environment.

WSJ: But compliance is obviously a big issue for you.

Mr. Legg: Our clients want to win, but they aren't interested in cutting corners or working with suppliers who do, so we invested heavily in our compliance and service approach to reflect the toughest regulatory standards. Regulations that protect a level playing field and punish cheaters suit the smartest investors because they're willing to do the hard work.

WSJ: How do you see the alternative investment market developing in Asia?

Mr. Legg: There's been a seachange in the assets under management in Asia and the interest among U.S. pension funds and funds of funds in putting money to work in Asia. When we first came here the early adopters [of GLG's business] were the regional offices of the largest global banks, private equity firms and hedge funds. Now that division is fifty/fifty local and global. Our biggest growth in the last year has been yuan-denominated funds.

WSJ: What are the cultural differences between managing your business in Asia compared to in North America?

Mr. Legg: People can overplay the culture card in the U.S. by assuming they have to have a local partner. The most important variable is not finding someone local. There are 1.3 billion people in China. The most important variable is finding somebody talented. Clients couldn't care if you come from Mars, so long as you are intelligent, intuitive, concerned about getting it right, and speak the languages they speak.

WSJ: How much do you have to educate money managers in Asia about the value of your services?

Mr. Legg: The thing that's different about Asia is people have always known you need to get to the bottom of what's actually happening here. The patchwork of regulatory regimes, the complexity of the market, the different languages, currencies.

WSJ: When you are flying around Asia, trying to grow the business, how do you stay in touch with head office?

Mr. Legg: There's no senior executive in Hong Kong working with a London or New York-based company that doesn't know part of their job is to manage communications and relationships.

When you don't pass people on the stairs every day and go for lunch and catch up, then you have to work twice as hard in the way you write notes and the way you get on the phone.

Résumé

- **Career:** Managing Director at GLG. Previously with McKinsey & Co. overseeing projects in the U.S., Canada and England.
- **Schooling:** Undergraduate liberal arts degree, University of Lethbridge. Ph.D. in political science from Yale University. Law degree from Oxford University.
- **Extracurricular:** Finance chair of the Pan-Asian chapter of the Young Presidents Organization. Watching Canadian hockey.
- **On Asia**: "Asia's core challenge is its variability: The region is a constellation of several very different markets—and each of these in turn can be very volatile."
- **On research:** "There's an absolute relationship between the obscurity of information and its value to people."

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